Home Improvement Census: Pp.

Catalog Showroom News: P. 6

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Most Discounters Nix Pay-For-Play Games

By Frank Cavaliere

They promise to be the slot machines of the 80's—providing large incomes for the manufacturer and leased operator alike—but most discounters, with important exceptions like Hills and Zayre, are reluctant to install arcade games in their stores.

At the core of the controversy is the as yet undetermined effect the dizzying array of electronic tanks, missiles and spaceships have on the American youth. "They mesmerize our children, they addict them and force them to mindlessly pour one quarter after another into the slots," said a Long Island housewife in a recent newspaper article concerning the proliferation of the games in all types of stores. And she was not alone.

Discount chains have responded to this increasing parental opposition by either not placing the games in their stores or by keeping close tabs on potential trouble spots.

Spokesmen for Woolco, Caldor, Gemco/Memco, Venture, Bradlees and Times Square Stores all mentioned community relations and/or image problems as reasons why they

(Continued on page 63)

FTC Investigates Retail Mergers, Sends Questionnaire to Chains

WASHINGTON—Select mergers among discounter, mass merchant and department store chains since 1980 are under Government investigation for possible antitrust violations, *DSN* has learned.

A Federal Trade Commission bureau has contacted some 25 general merchandisers—K mart, F. W. Woolworth, T.G. & Y., Sears, Montgomery Ward, J. C. Penney, May Department Stores and G. C. Murphy among them—saying:

"The Bureau of Competition is examining certain recent mergers in the retailing industry. . . . The purpose of these investigations is to determine whether the mergers may have violated [sections of] the Clayton Act or the Federal Trade Commission Act."

Mergers involving discounters since 1980 include Target's acquisition of Ayr-Way, Wal-Mart's buy out of Kuhn's Big K, the Caldor sellout to Associated Dry Goods and the joining of Barkers and King's.

Another general merchandise consolidation is Best Products' pending acquisition of Basco catalog showrooms.

Officials at at least one of the chains, Target and its parent Dayton Hudson, hadn't received the FTC request, though a Dayton Hudson spokesman said, "Our attorneys were aware that such a questionnaire had been sent out."

Trade sources said Wal-Mart and Associated Dry Goods also were not queried by the FTC, though the executives with ultimate responsibility at those chains were unavailable at presstime. Officials were also unavailable at Best Products. Other large mass merchants such as Zayre also weren't recipients of the FTC questionnaire.

Federated Department Stores and some catalog showroom chains were said to be additional contacts made by the FTC, though a Federated spokesman said, "We are neither confirming nor denying that we received it." Two of the highest-volume catalogers, Service Merchandise and H. J. Wilson, weren't contacted by the FTC.

Bureau of Competition staff attorney Daniel Ducore, who is heading the FTC drive, refused to comment on the matter.

"The commission won't confirm or deny the existence of a nonpublic investigation," he said. Only if the FTC issued a subpoena and a company fought it via court petition would public announcement of an investigation be made.

The FTC bureau, which handles antitrust cases and has examined retail mergers in the past, asked for competitive market information and an extensive range of documents from each chain. This is an apparent attempt by the FTC to define the market in general merchandising, often the first step in an antitrust action.

Chains contacted by the FTC, and some not contacted, expressed incredulity that such a competitive industry could be

(Continued on page 64)

Digest March 22, 1982

Housewares

- **T.G. & Y.'s new AIM For the Best stores will reflect a new** upscale image, in both price points and fixtures. (p. 11)
- **The Association of Home Appliance Manufacturers and a host** of its members say the time is right to develop performance standards for air cleaners. (p. 11)

H&BA

- **Buyers at Gold Circle, Woolco and ShopKo are among those** discounters reporting sales gains of 20% to 40% in private label H&BA's. (p. 15)
- **Discounters are staying away from generics, however, saying** the goods would only cut into their private label programs, without adding enough to the bottom line. (p. 15)

Home Improvement Census

- **Discounters are remixing their home improvement depart**ments by moving away from a strict lumber and building material orientation to a home furnishings/lifestyle assortment. (pp. 21-39)

Index

ADSCAN	59	Executive Changes	7
At the Source	51	NMRI Pres.'s Corner	5
Catalog Showroom News	6	Pilferage Prevention	46
Classified	61-62	Product Movement Audit	
Discounter Management Development Series	45	Hardware	29
Econocycle	50	H&BA	18
Editorial	5	Housewares	14
		Washington Beat	5

Co-op Warehouse's Future Is Factor

Gibson's Franchisees in Survival Fight

"Anyone who comes into the market is going to find this Gibson's will go mat-to-mat with them."—Thomas Mennelle, director, Permian Base Gibson's, Odessa, Tex.

Last of a two-part series

By Betty J. Taylor

SEAGOVILLE, Tex.—Herb Gibson Jr. sits in his office here and talks of drawing-board plans to solicit new Gibson franchisees.

He is still the orchestrator of the Gibson name. But with the folding of his company-owned units last year, the name and real estate landlordship of some 30 Gibson stores are all he controls.

A little more than a decade since he took full control of Gibson Discount Centers Inc., following his father's move to retire and separate the franchise operation and company-owned stores from his trade shows, Herb Jr. is starting over.

His future plans, which he says are still developing, could lead him back into a more active role in discounting.

He'd like to offer a financial service to get new franchisees started and perhaps build another company-operated distribution center. The plans aren't jelled.

Herbert Gibson Sr.: Profile, p. 52.

"We're not in a hurry to expand," Herb Jr. says. "We're still not a public company, so we're not under any pressure. . . . A lot depends on the economy, whether it stays sour and interest rates stay high. If the economy doesn't improve, we won't be expanding too rapidly."

(Continued on page 53)

K mart's Advertising Takes To the Air (Plane, That Is)

TROY, Mich.—K mart's newest advertising venture is up in the air—literally.

K mart is advertising monthly in a booklet of ads which is now part of the cover jacket for airline tickets and boarding passes at several major airlines.

The new advertising vehicle was started in January and K mart booked into the first 14-page issue. Ticket Holder Marketing Co., of Atlanta, the booklet developer, claims a 13 million circulation, with distribution through 11 airlines including TWA, Pan-Am, American and Delta.

"We charge $11 cost per thousand and up for a full page," Ticket Holder executive vp Marvin Bluestein said. "K mart started in January and has been with us in February and March, and is scheduled for April."

K mart is thus getting distribution of 13 million assumed "upscale" customers monthly for its four-color ads, which are

(Continued on page 63)

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HOUSEWARES

COOKWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	0509B15 Gen Hswrs col roaster 15-lb bird	3,654	12.82	46,844.28
2	26030 Wear-Ever prf SilverStone 10" Chef fry pan	3,178	10.79	34,290.62
3	CkU809 Dawo copper 5-pc kitchen tool set	1,379	24.30	33,509.70
4	2701 Revere 2⅓-qt teaklt cop-btm	1,627	17.55	28,553.85
5	0512840 Gen Hswrs col open roast pan 18x12	3,300	7.18	23,694.00
6	26028 Wear-Ever pref SilverStone 8" Chef fry pan	2,244	8.54	19,163.76
7	TKC-25 Trend 2.5-qt teaktl cop-btm	1,830	8.99	16,451.70
8	CM265 Dawo copper 5-pc measure pan set	760	21.60	16,416.00
9	3501 Revere 5.5-qt teaktl cop-btm	662	23.40	15,490.80
10	64110 Ekco B/S 17x11 cookie sheet	3,864	3.95	15,262.80
11	2901 Revere 2⅓ qt teaktl copper	706	21.60	15,249.60
12	1133 Gen Hswrs wgnr teaktl 2½-qt	385	36.89	14,202.65
13	3137 CM low fat broiler lrg 13x9	2,180	5.66	12,338.80
14	64330 Ekco B/S 9x13 oblong cake pan	3,492	3.50	12,222.00
15	1121 Revere 6C teaktl cop-btm	769	15.75	12,111.75
16	51199 Nordic 12C Formed bundt asst	1,584	7.64	12,101.76
17	64100 Ekco B/S 15x10 cookie sheet	3,357	3.50	11,749.50
18	400 Dawo copper-clad canister set	430	26.10	11,223.00
19	2252-2 Revere 2-qt teaktl copper	380	27.90	10,602.00
20	3321 Dawo copper bell teaktl dlft handle	623	16.20	10,092.60
21	0510B16 Gen Hswrs col roaster, 18-lb bird	601	16.42	9,868.42
22	64080 Ekco B/S cookie sheet 13¼x9	3,239	2.87	9,295.93
23	H-88 Anchor Hocking 2-qt batter bowl, clear	1,856	4.95	9,187.20
24	64470 Ekco B/S loaf pan 9¼x5¼	2,844	3.14	8,930.16
25	3323 Dawo copper whistle teaktl dlft handle	538	16.20	8,715.60
26	64200 Ekco B/S 12-cp mffn pn	1,920	4.22	8,102.40
27	9521 AB&I C/Iron chick fry w/lid	465	17.09	7,946.85
28	26032 Wear-Ever prf SlvrStn 12" chf fry pn	630	12.59	7,931.70
29	CM664 Dawo copper 5-pc msr cp st	416	18.45	7,675.20
30	M1400230 Anchor Hocking 1½-qt amb utl rtn/bskt	643	11.07	7,118.01
31	64600 Ekco B/S 6-cp mffn pn	2,016	3.50	7,056.00
32	CM8911 Dawo copper 9" colander	287	23.40	6,715.80
33	CM541 Dawo copper chafing dish	141	47.25	6,662.25
34	0506811 Gen Hswrs col roaster 4-lb bird	1,020	6.28	6,405.60
35	CTK820 Dawo copper 2-qt tktl Amsterdm	308	20.70	6,375.60

GADGETS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	143 Foley nylon baster	12,068	1.52	18,343.36
2	760 Chaney meat therm	6,270	1.97	12,351.90
3	29034 Rhodes timer sht ring asst	1,426	8.08	11,522.08
4	104 Ezv roast rack (24)	1,963	5.85	11,483.55
5	722 Chaney fry-jelly-candy therm	5,826	1.97	11,477.22
6	106AC Range Kleen 8" rflctr pan, G.E.	5,160	1.80	9,288.00
7	CB-33 Prog Int 3-Tr hng bskt cppr	1,146	8.10	9,282.60
8	136 Foley measuring cup 4-pc set	1,632	5.38	8,780.16
9	5939 Tay dial meat	1,218	7.15	8,708.70
10	C2602B Ekco 7-pc blck hndl tool set	1,108	7.73	8,564.84
11	117 Foley rolling pin	1,308	6.28	8,214.24
12	105AC Range Kleen 6" rflctr pan, G.E.	5,868	1.35	7,921.80
13	SVS-19 Steamer bskt-all stnlss	1,818	4.27	7,762.86
14	22516 Rhodes timer long rng asst	645	11.68	7,533.60
15	820 Chaney oven therm	3,948	1.88	7,422.24
16	1003 Chip Clip	4,104	1.70	6,976.80
17	91330 Irving CD wng crkscrw	1,488	4.48	6,666.24
18	722 B Q nut cracker set	3,048	2.15	6,553.20
19	BH-60 Artisto cookbook hldr	594	10.79	6,409.26
20	115OHA Alum fltr fry crsp fltr	1,741	3.58	6,232.78
21	407-C21 Swing-A-Way hnd cn opnr, choc	1,376	4.48	6,164.48
22	407-H21 Swing-A-Way hnd cn opnr, harvest	1,360	4.48	6,092.80
23	77 Wall set 8 poultry lacer	11,485	0.53	6,087.05
24	WB-3BR Prog Int 3-Tr hng bskt brss	735	8.10	5,953.50
25	107-21 Swing-A-Way jnr hnd cn opnr	2,640	2.15	5,676.00
26	3119 Bromwell grater ss lg sq	1,428	3.95	5,640.60
27	NR-435B Tric 5.5" Norelco fltr (300)	3,084	1.70	5,242.80
28	11600 Ekco ck clr rck 10¼x16	1,356	3.86	5,234.16
29	00670 Ekco garlic press	1,686	3.05	5,142.30
30	00350 Ekco stainless flt grtr	2,316	2.15	4,979.40
31	FB Q B nut cracker	3,864	1.25	4,830.00
32	16761 Ekco flint best beater	426	11.25	4,792.50
33	SS-91 Trend steamer bskt 4 qt	708	6.75	4,779.00
34	3000 American Fmly hshld scl, white (12)	354	13.45	4,761.30
35	128 Foley rolling pin	1,104	4.31	4,758.24

Source: Bacar, distributors, San Jose, Calif., Nov. 2 through Dec. 31, 1981.

Copperware Shines For Gift-Giving

The Product Movement Audit covering part of the past holiday selling season held few surprises in the basic cookware or gadget categories. But, the audit, covering Nov. 2 through Dec. 31, 1981, did show the strength of copper cookware and accessories as gift items.

The Dawo copper items listed on the PMA are Far East imports, a program in copperware distributor Bacar added in March 1981 with the introduction of its Culinaria program.

The Dawo copper, according to Jerry Falk, executive vice president of Bacar, has been a highly successful part of the Culinaria concept, the distributor's group of higher-priced cookware and housewares accessories available to customers in a distributor-supplied fixture.

The copper items captured nine places on the PMA with the top seller being the five-piece kitchen tool set followed by the five-piece measuring pan set.

According to Falk, customer interest in copper is continuing as part of the Americana look currently popular in housewares. The copper items are selling both as functional cookware items and as decorative items for the kitchen and dining areas.

In basic cookware, enamel roasters in a variety of sizes were best-sellers during this period of family entertaining and cooking. The top seller on the PMA was General Housewares' roaster, the 15-lb. bird size.

SilverStone items were, as usual, best-sellers with the Wear-Ever 10-in. and 8-in. fry pans taking second and sixth places, respectively.

New to the PMA, and in spot 13, was the low-fat broiler, reflecting the growing interest in low-fat cooking.

In 12th place was the General Housewares Wagner cast iron kettle, an Early American design which is selling as part of an upsurge in the use of wood-burning stoves as an alternate or supplemental heat source. The cast iron kettle on the wood-burning stove is also used by customers as a humidifier.

The top sellers in the gadget category were such items as the Foley baster, the Chaney meat thermometer, Rhodes timers and the roast rack. All the top sellers during this period were, predictably, food preparation items.

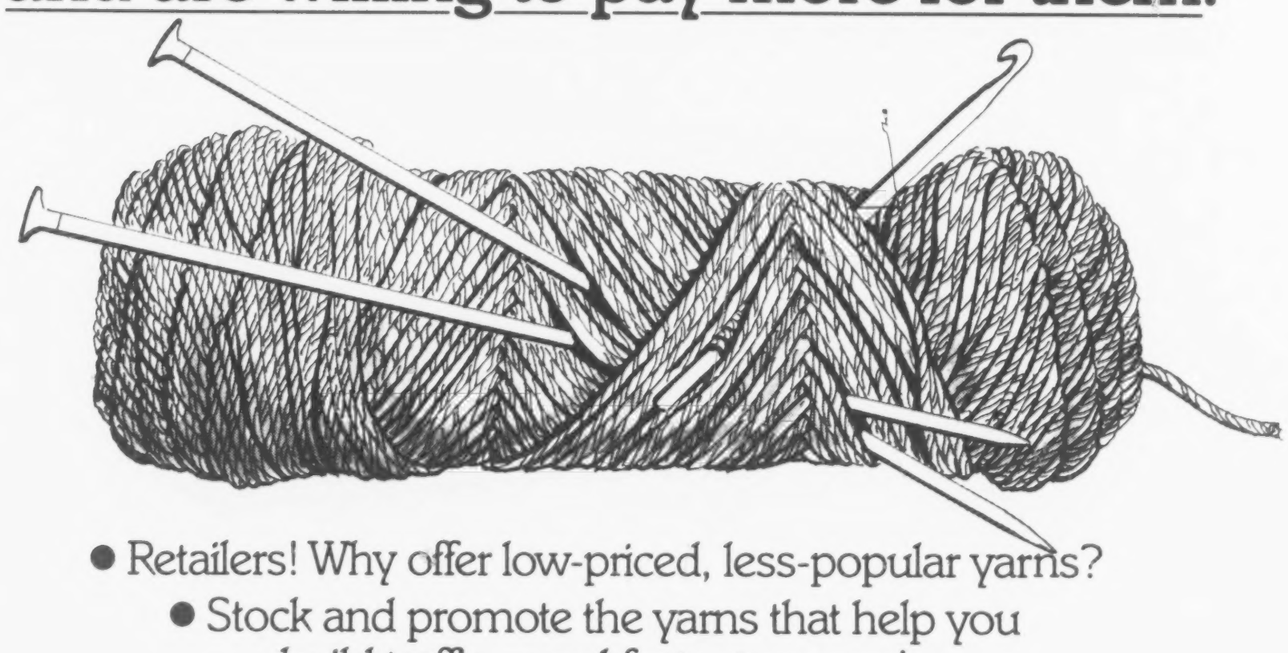
New to the top 15 items on the audit was the three-tier hanging basket in copper. The item took the seventh ranking spot. The same manufacturer's three-tier hanging basket in brass ranked in the No. 24 position.

The three-tier baskets, long a staple housewares item, have picked up in sales with the addition of copper and brass to the assortment.

Three Swing-A-Way can openers made the PMA listing. But, this time they weren't at the top of the listing since their usual top spots were usurped by Holiday cooking items.

Women who knit and crochet have made Wintuk* and Sayelle* the #1 and #2 best-selling yarns.

Proof your customers want quality yarns —and are willing to pay more for them.



- Retailers! Why offer low-priced, less-popular yarns?
- Stock and promote the yarns that help you build traffic... and faster turnover!
- Sell the best-selling yarns in America: Wintuk* and Sayelle.*

Wintuk* yarns of Du Pont Orlon® acrylic — The shape keeper — *Du Pont Cert. Mark

Sayelle* yarns of Du Pont Orlon® acrylic — The dependable one — *Du Pont Cert. Mark

Worth their price...and more.

MAN MADE FIBERS MADE LIFE BETTER

*Du Pont certification mark for yarns meeting its fiber content specifications.

DU PONT

REG. U.S. PAT. & TM. OFF.

HEALTH & BEAUTY AIDS

BAR SOAPS AND LIQUID SOAPS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Dial Soap Bath Size 1 Fr Wth 3 5 oz	197,298	1.44	284,109
2	Ivory Soap Personal 0.09 Off 4 Pack	232,740	0.83	193,174
3	Coast Bath Soap 1 Fr Wth 3 4 Pack	59,616	1.68	100,159
4	Dove Soap White Bath	141,840	0.66	93,614
5	Ivory Soap Bath 3 Pck 0.10 Off 5 oz	145,224	0.59	85,682
6	Jergens Soap Bath 4.75 oz	324,150	0.26	84,279
7	Dial Soap Bath 5 oz	147,168	0.48	70,641
8	Dial Soap Bath 0.20 Off 3 Pck	47,616	1.24	59,044
9	Soft Soap Assorted Prepack 10.5 oz	35,820	1.42	50,864
10	Jergens Soap Personal 3 oz	227,808	0.19	43,284
11	Zest Soap Bath	72,432	0.54	39,113
12	Ivory Soap Personal 4 Pack	34,992	0.92	32,193
13	Safeguard Soap Bath Size	59,112	0.54	31,920
14	Lux Bar Soap 5 oz	96,288	0.33	31,775
15	Shield Deodorant Soap 3.5 oz	85,344	0.35	29,870
16	Camay Soap Bath Size	53,496	0.53	28,353
17	Coast Bath Soap 5 oz	49,824	0.56	27,901
18	Irish Spring Soap Green 5 oz	55,200	0.48	26,496
19	Soft Soap Gold 10.5 oz	17,220	1.42	24,452
20	Soft Soap Brown 10.5 oz	16,716	1.42	23,737
21	Yardley Lavender Lqd Sp 17.5 oz	11,760	1.98	23,285
22	Shield Deodorant Soap 5 oz	43,440	0.52	22,589
23	Work Soap Liquid Soap 10.5 oz	12,768	1.74	22,216
24	Soft Soap White 10.5 oz #15716	15,480	1.42	21,982
25	Soft Soap Boxed Gift	14,520	1.42	20,618
26	Safeguard Soap 2 Pck 0.12 Off Bth	20,232	0.96	19,423
27	Yardley Cocoa Butter Lqd Sp 17.5 oz	9,744	1.98	19,293
28	Caress Bar Soap 3.5 oz	49,632	0.38	18,860
29	Lifebuoy Bar Soap 5 oz	45,888	0.39	17,896
30	Safeguard Bath Sp 0 20 Off 2 Pck	16,812	0.88	14,795

TRIAL SIZES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Dietac Maximum Strength 7 Count	41,040	0.99	40,630
2	Aqua Net Hair Spray 2.5 oz	68,256	0.57	38,906
3	Baby Fresh Take Along 12's	57,096	0.63	35,970
4	Just Dip Polish Remover 1 oz	52,416	0.55	28,829
5	Bic 4-Pack Shaver	62,496	0.46	28,748
6	Final Net Hair Spray 2 oz	61,008	0.47	28,674
7	Babe Splash Cologne 1.25 oz	48,240	0.55	26,532
8	Yardley Liquid Soap 2 oz	78,768	0.32	25,206
9	Jheri Redding Shampoo 2 oz	59,616	0.42	25,039
10	Tickle Deodorant 2 oz	58,272	0.42	24,474
11	Maybelline Nail Color Assorted	63,792	0.38	24,241
12	Faberge Liquid Soap 2 oz	85,536	0.28	23,950
13	Brut 33 Splash On Lotion 0.5 oz	65,952	0.35	23,083
14	Vidal Sassoon Shampoo Gentle 2 oz	49,824	0.41	20,428
15	Faberge Organic Shampoo 2 oz	72,144	0.28	20,200
16	Signal Mouthwash 1.5 oz	74,400	0.27	20,088
17	Pacquin Hand Cream 1.2 oz	46,296	0.42	19,444
18	Diaperene Baby Corn Starch 1.5 oz	68,448	0.27	18,481
19	English Leather Aftr Shv Ltn #161	21,888	0.84	18,386
20	Miss Breck Hairy Spray Pump 2 oz	32,976	0.55	18,137
21	Shower Shaver 1 Pack	53,136	0.34	18,066
22	Vidal Sassoon Shmp Fnshng Rmstrzr 2 oz	43,560	0.41	17,860
23	Flex Shampoo and Conditioner 2 oz	65,232	0.27	17,613
24	Revlon Super Nail 5/8 oz	32,340	0.54	17,464
25	Silkience Conditioner 2 oz	52,512	0.31	16,279
26	Topal Fluoride Toothpaste	14,976	1.04	15,575
27	Jojoba Shampoo and Cndtnr 2 oz	35,136	0.44	15,460
28	Butler Toothbrush and Floss	14,976	1.02	15,276
29	Johnson & Johnson Wsh Clths Trvl 12 Cnt	21,168	0.71	15,029

Source: Boston Distributors, Maple Heights, Ohio. Feb. 2, 1981-Feb. 7, 1982.

Trial Sizes, Bar Soaps Make Good

Trial sizes and bar soaps continue to be growing and profitable categories in health & beauty aids, according to Boston Distributors.

In trial sizes, the lower-priced items predictably contributed the largest number of unit sales in this Product Movement Audit covering Feb. 1, 1981, through Feb. 7, 1982.

The audit showed that, for the most part, items with movement of more than 60,000 units were priced at 50¢ or below.

But, Charles Bowlus, vice president of merchandising for the Maple Heights, Ohio-based distributor, said that part of the strength of trial sizes is that most items, at a variety of price points, sell well. Although sales do increase over the summer months when customers are traveling, the category has become a strong year-round business.

Recognizing the strength of trial sizes, more manufacturers are making them available. Some are still reluctant to come out with them at the same time a new product is introduced; others realize the trial-size route can be an excellent way to entice customers into trying a new product since it requires a very small investment.

Helene Curtis, for instance, plans to use trial sizes as part of its strategy in launching Finesse. The manufacturer of Selsun Blue shampoo is using trial sizes simultaneously with increasing advertising in an effort to grab a larger share of the dandruff shampoo market.

More manufacturers, such as Faberge, with several items, and Johnson & Johnson and Scott, with baby wipes, are making trial sizes available on a continuity basis.

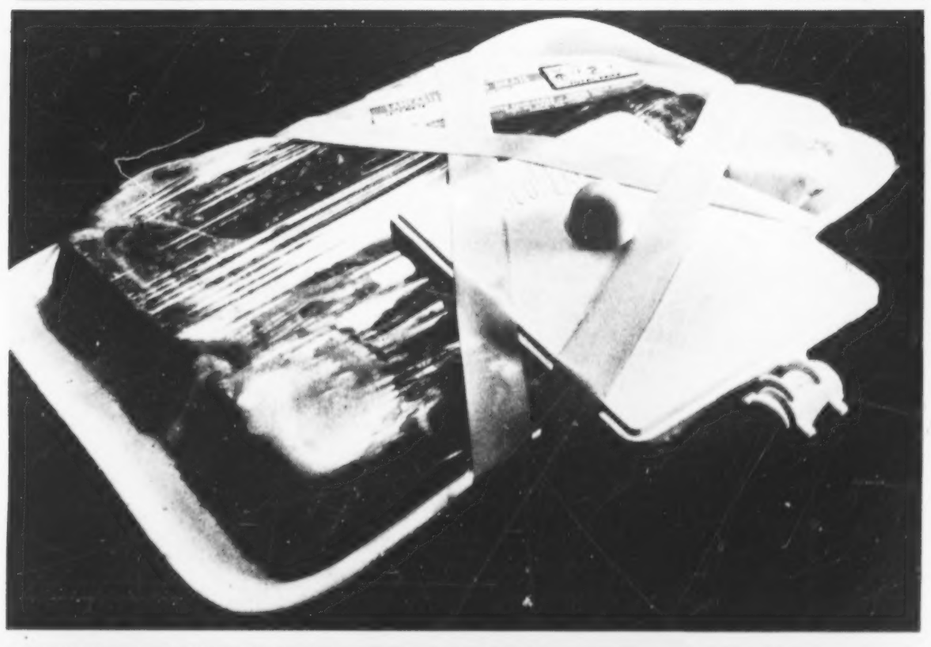
This continuity, plus low price, placed Faberge's liquid soap in the No. 12 ranking on the PMA and its Organic Shampoo in No. 15.

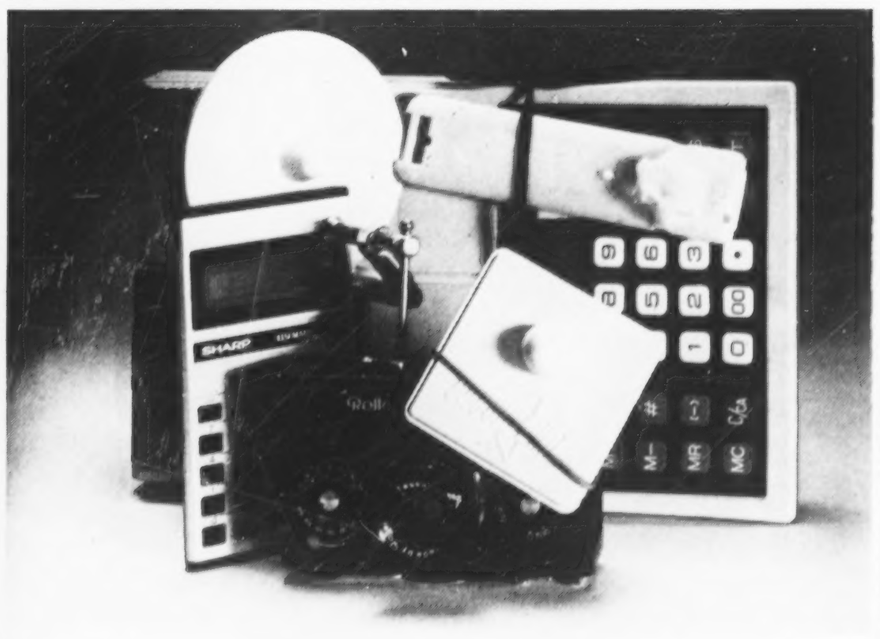
According to Bowlus, sales of trial sizes, plus their respectable gross margins of 30% and higher, have prompted many discounters to multilocate them in the department. While end-caps and checkout counters are frequently used, several chains are also planogramming them in gondola runs.

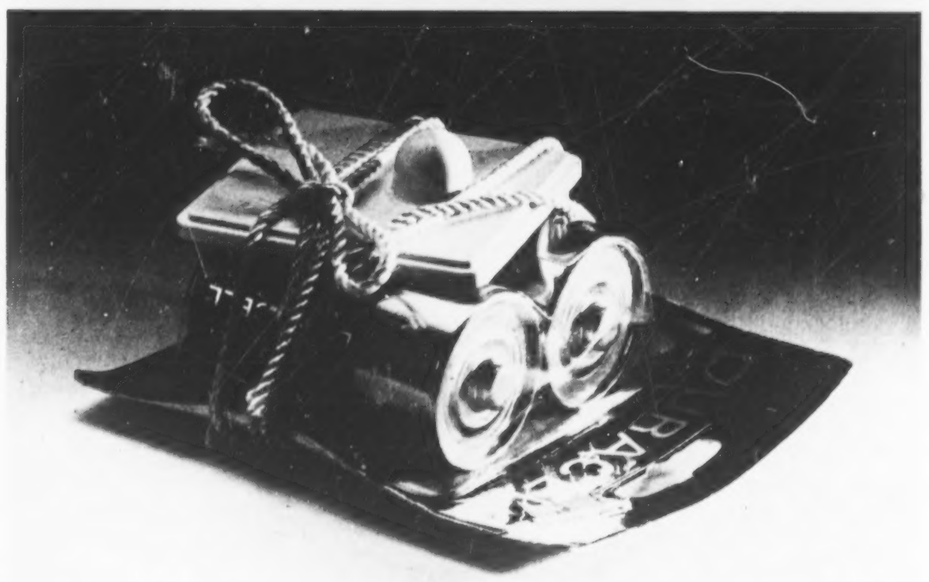
It is not uncommon, said Bowlus, for those stores having the room for it to give trial sizes an 8-ft. section stocking as many as 40 items. Trial sizes also provide good returns on bottom shelf space, a location where many items don't sell well.

As for bar soaps, in the past they were frowned on as a category that wasn't a money-maker. But the PMA demonstrates that discounters are now successful in using the promotional packs and cents-off deals in bar soaps as traffic draws. Promotional packs of Dial, Ivory and Coast took the top three spots on the audit.

The PMA also shows that although liquid soaps have been very successful, and excellent ad items, they still aren't bringing in the tonnage movement of basic bar soaps.







Hard tags were designed to protect a limited variety of merchandise—primarily clothing.

The problem is, while they're pinned to your jeans, dresses and jackets...the shoplifters are stealing everything else in your store.

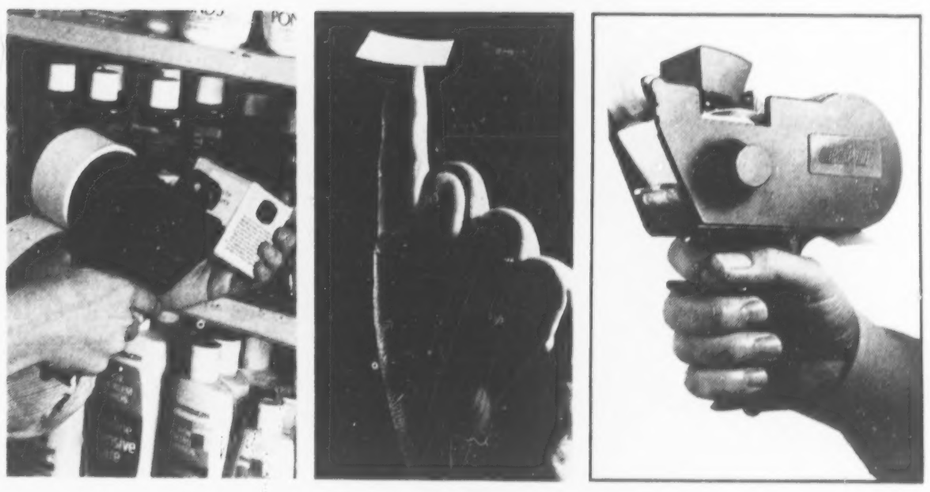
INTRODUCING THE STIKKER™ AND THE STOPPER™. NEW, HIGH TECHNOLOGY WEAPONS TO WIN THE SHOPLIFTING WARS.

This is the age of microcircuitry, the age of the Checkpoint STIKKER and STOPPER.

The STIKKER is a small, pressure sensitive, electronically detectable label. The STOPPER is a modified, conventional label gun that dispenses STIKKERS.

Together, they're the only anti-shoplifting system that lets you secretly, quickly and inexpensively protect the wide variety of items in your store.

Necessity is the mother of invention.



The smallest anti-shoplifting label ever developed, the STIKKER looks like any ordinary store label. It can protect everything from housewares to drugs, from carded items to candy.

And because you can apply STIKKERS with the STOPPER, you can protect your vulnerable merchandise faster than ever before.

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HOME IMPROVEMENT CENSUS

DIY Increasingly Means Home Decor

Nationwide DSN Report

Home improvement is coming to mean home furnishings for much of the industry, as the number of chains carrying lumber decreases, and interest in furniture and decor items increases.

King's dropped out of home improvement over the past year with 47 units, while Payless and Howard Bros. were among those who cut back. Rink's, one of the major expansion chains in DIY, is scaling back offerings in paneling, while Ann & Hope is considering a move to drop lumber.

Chains such as Bradlees, Wal-Mart, T.G. & Y. and Woolco, which were all into lumber and other DIY categories before dropping out over the past two years, have already changed focus both on the sales floor and in promotions, sku-ing toward home decor items such as furniture and floor coverings.

Fishers Big Wheel is the latest to follow that line of reasoning: The chain has decided to change over its 69 DIY departments into home furnishings departments, with roll goods such as carpeting and bag goods such as concrete to be the only remaining major DIY categories.

Lines including unfinished furniture will be dropped at Fishers while finished furniture stock has already been expanded to include price points more than twice as high as before, which had topped out at $50 compared to today's $129.

Discounters often average 31%-40% gross margins on home decor items while lumber categories carry margins of 21% to 23%. Volume DIY business in home improvement is still being done, but by an increasingly smaller base of chains.

Major expansion chains over the past year have been K mart, Rink's, and Meijer's. K mart added 83 units and 365,200 sq. ft. of DIY space. Rink's was second in expansion by unit, with 15 more DIY departments now than a year ago, totaling 67,500 sq. ft. Meijer's, which added eight units, was second-largest expander in the industry on a space basis, adding 88,000 sq. ft.

Jamesway and Fishers Big Wheel have five more units each than a year ago in home improvement. Murphy's Mart and Danners have added four units each and S. E. Nichols and Fred Meyer are both three units ahead of last year.

Still Undecided

Expansion plans for the year ahead are uncertain at most chains, though Rink's will have an additional five units operating by December as it changes Ontario stores over to Rink's prototypes. Meijer's, virtually chainwide with the department, will have at least one more when a new store is opened this month. Nichols, which has only 10 stores without home improvement centers, plans to add four this year.

(Continued on page 56)

17 Chains Plan 79 Centers

Rank by Sq. Ft.	Chain	No. DIY Depts. 3/1/82	Average Sq. Ft. of Depts.	New Depts. Planned by 1/31/83*
1	K mart	1,113	4,400	60
2	S. E. Nichols	34	20,000	4
3	Fred Meyer	42	15,000	2
4	FedMart	30*	15,500*	0
5	Meijer	27	11,000	1
6	Rink's	60	4,500	5
7	Danners	18	10,000	0
8	Murphy's Mart	69	2,500	3
9	Jamesway	31	5,000	0
10	Consolidated	8	11,000	0
11	Payless	11	6,000	0
12	Jefferson/Ward	65*	900*	0
13	Fishers Big Wheel	69	750	3
14	Click	6	6,000	0
15	Ann & Hope	3	7,000	1
16	Howard Brothers	1	20,000	0
17	Gee Bee	3	2,000	0

*Some figures are DSN estimates. Source: DSN Research.

Building plans are relatively slim in home improvement centers for the coming year, which many merchandisers blame on the slump in housing starts and falloff in demand for lumber and other DIY categories. Discounters now operate 70 more units than a year ago in DIY.

Rink's Becomes a Top DIY Growth Chain

TOLEDO, Ohio—Rink's has become one of the leading expansion chains in home improvement, with 15 more DIY departments than it had a year ago and another four planned by the end of this year.

The expansion burst is due to a changeover of 19 Ontario stores to Rink's prototypes, but it signals Rink's dedication to the DIY concept. Both Ontario and Rink's are owned by Cook United.

The company decided to convert Ontario stores to Rink's a year ago.

Though many chains have pulled back from home improvement during the last two years, largely following the downturn in housing starts, Rink's senior vp Sol Norflus said the chain has a long-term commitment to the category:

"We have experience; we've been in this for 12 years. Home improvement has followed the building business, but this is a temporary trend. We're not cutting back."

What Rink's is doing is to reduce 1982's additional departments in size. Whereas older DIY departments averaged 5,000 sq. ft., new units average closer to 4,000.

"Where we had 12 sku's, we are moving to 10 sku's; we are working to reduce slow-moving items," a merchandiser at the chain said of the newer departments, where narrowed assortments will include a reduced lumber section.

"Paneling business has dropped off, and we are cutting back by four to six sku's," the merchandiser said, adding that while cuts were basically at the high end the chain already limited its stock to panels at or under the $10 price point.

Rink's will also benefit because paneling ties up large inventory dollars, being purchased by 50- or 100-sheet increments. Rink's basic lumber assortment emphasizes 2x4 studs, occasional promotional buys on short 2x4's, and pine boards for shelving, while staying out of dimensional lumber.

The chain prides itself on maintaining a large number of categories in home improvement. Vanities are represented by 10 sku's located between plumbing and electric runs. Only display models occupy the sales floor, but the chain is considering a move to put some backup stock out on the floor as well.

In fencing, a category which some chains with DIY departments keep away from, Rink's carries both wire and wood stock. Wire fencing is merchandised entirely within the department, while wood fences are split between the DIY department, a bull-pen area outside the store, and some units are cross-merchandised in other parts of the store.

In plumbing, the chain carries both carded items and open stock, and goes way up to such high-ticket items as water heaters. Rink's also maintains an open-stock program in nails, with in-store scales for weighing out the desired amount.

"We try to stay as close to a hardware store image as possible," the Rink's merchandiser said. "We are known for being hard lines oriented, and the customer knows if he wants to come in for a bolt we're going to have it."

The merchandiser admitted, "It's a hard department to get turns out of, and margins, but if you keep at the basics you can turn it." To that end, Rink's promotions recently have stressed featured paneling (5/32 in.) at $5.97, 2-ft. x 4-ft. ceiling panels at $1.29, and toilet seats at $4.97.

Also stressed in Rink's springtime promotions was breadth of categories, including a bench model drill press ($74.88), carpeting at 29% off everyday price, a tempered glass tub enclosure ($44.88) and melamine paneling for the bathroom, furring strips and floor tiles. A high-ticket home tool was a $129 arc welder (225 amp).

Rink's at present plans no additional DIY departments past the Ontario conversions, which will give the chain 64 departments by year's end. "We're going to put our house in order with the Ontario stores first," Norflus said. Rink's handles its own hard lines merchandising, separately from parent Cook stores.

Fencing Finds a Home

Jamesway, Flemington, N.J., found sales success in its home improvement department by building a pen for the three heights of fencing the chain carries. *(DSN photo)*

Spring Colors Play It Safe

Add to the list of "leading economic indicators" how the apparel market plays it for spring. There is nothing unusual about sportswear for spring in red/white/blue nautical motifs. But, when the look is shown in profusion, as it is for spring 1982, it is a sign that manufacturers are bearish and playing it safe. Caldor, Framingham, Mass. (l.) shows the motif in striped and solid knit shirts with sailor collars, and in a striped blouson knit shirt with an anchor emblem. The fixture displays the shirts with denim jeans. At Bradlees, Hingham, Mass., (r.) a nautical group consists of cuffed pull-on pants, shorts and shirts in white terry with red or blue knit trim. *(DSN photos)*

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Names like Eveready, Duracell and Ray-O-Vac are big names in the battery business. But they're not the ones that will make you money in the portable lighting business.

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DORCY

Home Decor

(Continued from page 21)

(The shift to home furnishings has come even at chains deeply into DIY, such as Nichols, which has added $200 KD furniture and expanded assortment in floor tiles.)

Excluding K mart, discounters are operating more than a dozen fewer home improvement departments than a year ago. With K mart included, the industry registered a net gain of 70 home improvement centers over the year.

Smaller DIY chains such as Consolidated (owned by Cook United), Gee Bee, Click and Ann & Hope have remained constant in units recently, though Ann & Hope expanded one unit and will add another this year, and Gee Bee is reportedly considering a move to take its DIY departments to other stores (only three units exist at present).

In advertising, S. E. Nichols, K mart and Meijer's are among those who break out home improvement in tabloids through pull-out sections often set apart by being printed on separate-color stock, or by tabloids devoted entirely to home improvement. Nichols instituted its own separate home improvement tab last year, a four-page ad. That chain promotes home improvement in some form 45 to 50 times a year.

Reprint Info

For volume reprint orders at a reduced price, please contact Peter Sulich, promotion manager, Select-Info., Lebhar Friedman Inc., 425 Park Ave., New York, N.Y. 10022, tel.: 212-371-9400, ext. 331.

Target Opens Four For Total of 155

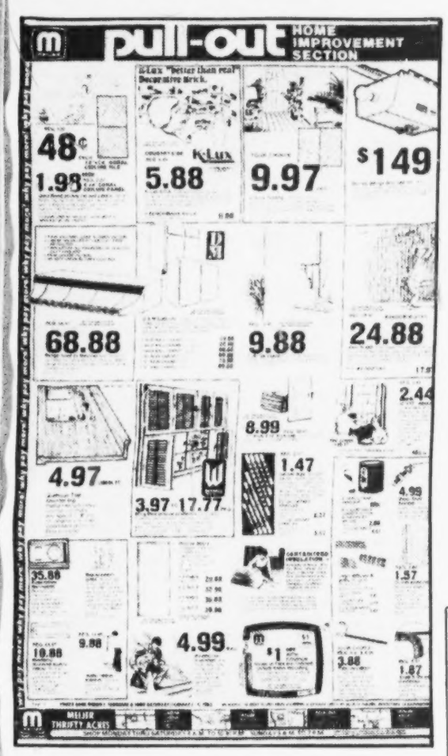
MINNEAPOLIS—Four new Target stores opened this month, bringing the chain total to 155 units in 17 states.

The opening of a unit in Beaumont, Tex., brought Target into a new east Texas market where it will compete with three Gibson's, and one store each for K mart, Woolco and Gemco.

The other three openings included a store in Houston, bringing Target's total there to 14; Littleton, Colo., a Denver suburb, giving the chain nine in that market, and St. Paul, bringing its total to 14 in the Minneapolis-St. Paul area.

HOME IMPROVEMENT CENSUS

Pull-out Ad By Meijer's Is All DIY



GRAND RAPIDS, Mich.—Meijer's Thrifty Acres nailed down some extra DIY business recently by featuring home improvement in a special pull-out section of a 16-page tabloid.

Labeled at the top as a "pull-out home improvement section," the two-page ad was printed on yellow stock to contrast with the newsprint of the tabloid. (K mart has at times taken a similar approach to earmark its home improvement center ads.)

Meijer's DIY departments are among the largest in the industry at 11,000 sq. ft. The breadth of the chain's categories was stressed, as one page was devoted to building supplies and the second featured home furnishings and floor coverings.

Price points in building supplies ranged from 48¢ (for 8-ft. furring strips or 1-ft. x 2-ft. ceiling tiles) to $68.88 (range hood) on almost 50 sku's. Cuts of everyday price were commonly 16% to 18% (plywood), although deeper promotional cuts of 25% (interior doors), 28% (water heater jackets) and 32% (unfinished furniture legs) were also taken.

Categories in addition to basic home improvement goods such as countertops, wall facings, ceiling tiles, insulation and shutters included four sku's of unassembled interior doors, barnboard and window glass. Meijer's merchandises glass in 40 precut sizes or custom-cut.

In home furnishings, which many discounters are turning to today as they reduce their emphasis on lumber, the highest ticket was a $247 four-piece set of cane furniture. Bar stools, audio center shelving, oriental-style rugs and carpet remnants were also featured. Although the low ticket in home furnishings was a $6.97 speaker stand, the average ticket was a hefty $63.97 for the 10 home furnishings sku's.

Top Apparel Chains Boost TV Ad Play

NEW YORK—Discounters take note: The top specialty apparel stores increased their television advertising 39% overall for the first nine months of 1981, compared to the previous year.

Total estimated advertising in the specialty apparel store category was $30.3 million.

Hardware Dept. Sales per Ft. Rise 4.2%

	1971	1976	1977	1978	1979	1980	1981	5-year change	10-year change	'81 vs. '80
Dept. Size (sq. ft.)	2,200	4,400	4,450	3,195	3,210	3,215	3,215	−26.9%	+46.1%	NC
Annual Turns	3.6	3.5	3.3	3.1	3.0	2.9	2.8	−20%	−22.2%	−3.4%
Volume per Sq. Ft.	$73	$114	$114	$122	$133	$143	$149	+30.7%	+104%	+4.2%
Initial Markup	39%	40%	41%	39%	41%	42%	41%	+2.5%	+5.1%	−2.4%
Gross Margin	33%	35%	35%	34%	36%	37%	36%	+2.9%	+9.1%	−2.7%
Company-Run	89%	94%	92%	92%	94%	94%	94%	NC	+5.6%	NC

NC—No change. *Source: DSN research*

Discounters registered slim hardware department volume gains from the previous year during 1981, despite a slight increase in promotions at most chains.

The 4.2% gain in sales per square foot was thus achieved on a drop in both initial markup and overall gross margin. Turns continued to slow down, in a shift which has been occurring for five years.

Changes in merchandise mix, private label programs in categories such as paint, and a general rise in importing merchandise have been factors in the slight increase of initial markup and gross margin for the last five years. This trend has helped discounters to counteract the slower unit-movement's effect on the bottom line.

Merchandise trends in home improvement have included a tremendous boom in ceiling fans, both promotional and trade-up units, and in small kerosene heaters.

Introducing 5 new profit makers from DAP...the name your customers trust most.

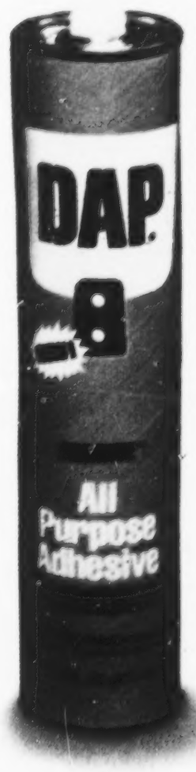
"Today, DAP is the name your do-it-yourself and contractor customers trust most when it comes to caulks, fillers and adhesives.

"That's because DAP products have always been the highest quality. They're easy to use, last for years, and have the greatest advertising support.

"And, like always, DAP makes sure you get the right products at the right price points, with the right support programs, to insure faster turns and better profits."

New DAP Acrylic Latex Caulk with Silicone
Easy-gunning acrylic latex based caulk with superior adhesion and flexibility plus excellent moisture and mildew resistance. Easy clean up. So durable **it's guaranteed for 20 years.** Exceeds ASTM Specification C-834. Dries for painting in just two hours. Adheres to a wide variety of surfaces, and can seal between similar and dissimilar materials.

DAP Flexiseal Sealant
New packaging. The clear choice in clear sealants. Provides a nearly invisible seal that lasts for years. Won't dull out like the others. Stays flexible. Tough enough for sealing everything from gutters and skylights to building joints. Transparent bead assures joint compatibility with surrounding materials.



New DAP Duratite All-Purpose Adhesive
Excellent quality, waterproof, general purpose adhesive that provides a stronger than nail-tight bond for building materials. Simplifies paneling installation. Acts as an electrical, thermal and acoustical insulator. Tan color.

New DAP Duratite 2000 Construction Adhesive
A high strength, multi-purpose adhesive with excellent resistance to heat and moisture. Bridges gaps. For interior and exterior use. Eliminates squeaks in floorboards and stair treads. Minimizes nail pop. For fastening wood panels, furring strips, thresholds, marble sills, bathroom fixtures, and much more.

New DAP Duratite 4000 Subfloor & Plywood Adhesive
A professional quality, superior strength construction adhesive with excellent bridging qualities. Exceeds APA Specification AFG-01 and performance requirements of FHA HUD Bulletin UM-60. It offers excellent temperature and chemical resistance, and can even be applied to wet or frozen lumber. Ideal for tough jobs including subfloors, underlayment, composite panels, thresholds, stair treads, shingles, and much more.

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HOME IMPROVEMENT CENSUS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	POWER TOOLS			
1	2401 Dremel moto-tool kit w/acc	140	33.87	4,741.80
2	919/PR19 Wen 3" belt sander	61	84.78	2,975.58
3	DA101 Skokie holesaw adj to 2½	318	6.48	2,060.64
4	L25HK Lenk hobby iron	172	11.08	1,905.76
5	1600 Wen reciprocating saw	36	44.32	1,595.52
6	21C Wen elec pencl w/carbide tip	231	6.61	1,526.91
7	16/L25 Lenk 25W soldering iron	244	5.83	1,422.52
8	2930 Ver/Amer powerbit set	369	3.95	1,457.55
9	571 Dremel moto-shop saw/sand comb	20	68.37	1,367.40
10	580 Dremel 4" tilt table saw	13	87.61	1,138.93
11	3701 Dremel moto dit/35 acces var	17	57.32	974.44
12	WP745 Skok 7¼ plywood blade	430	2.17	933.10
13	88S/LC75 Lenk 75 W soldering iron	111	8.20	910.20
14	K600 Skokie Router bit 6 pc set	51	17.60	897.60
15	2200 Wen drill cordless rev 3/8	20	44.32	886.40
	HOME IMPROVEMENT			
1	RT-25 Manco/Arno duct tape	8,448	1.05	8,870.40
2	2'x4'x⅛ pegboard	3,400	1.25	4,250.00
3	DT-42 Manco carpet tape 1½ x 42'	2,124	1.92	4,078.08
4	101 Deflecto heat deflector promo	3,744	0.97	3,631.68
5	10x25 Poly sheeting 4 mil clear	576	5.12	2,949.12
6	D-10 Manco duct tape 2" x 10 yd	2,256	1.28	2,887.68
7	955 Idal I/O 24x42 CPT mat brn tweed	192	11.03	2,117.76
8	956 IDAL I/O 24x42 CPT Mat green tweed	186	11.03	2,051.58
9	220 Hoyne clear mirror tile, 6 pk	304	6.83	2,076.32
10	993 Ideal H.D. blk welcome mat	372	5.19	1,930.68
11	40302-36-1 Peer chain prf-¼-100	14	135.10	1,891.40
12	050/17000 Clear vinyl runnr 27x125	16	108.62	1,737.92
13	X18A T. Temper alum snow shovel	246	7.08	1,741.68
14	SP41X Therm fiberglass pipe wrap 25'	1,152	1.41	1,624.32
15	123 Standard equip Z-shelf bracket	1,512	1.10	1,663.20

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	TOOLS			
1	UL1000 Bernz propane blowtorch	2,281	10.00	22,810.00
2	TX9 Bernz fuel cyl	6,312	2.68	16,916.16
3	T50 Arrow staple gun chrome	626	16.14	10,103.64
4	JT25 Bernz torch kit plastic box	402	21.41	8,606.82
5	MP9 Bernz Medina fuel cylinder	2,796	2.38	6,654.48
6	307-01 Spitfire home repair kit	174	26.82	4,666.68
7	SB 201-4 Screwball driver w/socket	308	14.19	4,370.52
8	PL-19 Waterloo 19" box one tray	384	10.26	3,939.84
9	PL425 Stanley tape 25' Powerlock	320	11.75	3,760.00
10	JT10 Bernz torch kit	288	12.99	3,741.12
11	143 B C natural 3" clamp	1,698	2.07	3,514.86
12	JL-22 Waterloo 20" box 2 drawer	75	47.80	3,585.00
13	301-01 Spitfire brazing torch	294	11.79	3,466.26
14	JT21 arrow staple gun	372	9.08	3,377.76
15	T55 Arrow staple gun/tacker	251	13.33	3,345.83
	ELECTRICAL			
1	12/2 Romex w/ground, 250' per box	2,166	32.90	71,261.40
2	12/2 Romex w/ground, 50', boxed	2,133	9.74	20,775.42
3	34256 Norelco Mercury vapor light	284	46.39	13,174.76
4	½ Conduit 10' length	4,930	2.00	9,860.00
5	1215IV Lev. ground duplex receptacle	12,100	0.63	7,623.00
6	12/2 UF w/ground 250' per box	162	45.08	7,302.96
7	1629D1 Paulding P.C. porcelain recp	2,947	1.82	5,363.54
8	1215BR Lev ground duplex receptacle	8,150	0.63	5,134.50
9	471 Raco 2¼ bevel old work box	6,145	0.82	5,038.90
10	TLM2012S GE 125 ampbreaker box	88	54.78	4,820.64
11	100 ft. 12/2 Romex w/ground, boxed	231	18.49	4,271.19
12	4170/151-6-8 ½ clamp-on light	720	5.81	4,183.20
13	1330IV Lev s/pole switch click	4,430	0.82	3,632.60
14	660 Raco box handy 4x2x¼"	5,600	0.63	3,528.00
15	145IIV Lev s/pole quiet switch	3,820	0.89	3,399.80

(Continued on page 31)

Hardware Dept. Post-Yule Sales Please Buyers

Despite a nationwide belt-tightening by discounters during the post-Christmas season, buyers were generally satisfied with hardware department sales levels in the typically slow early-year period.

Overall, hardware-related merchandise showed signs of rebounding from a 1980 slump that saw items once considered basics—particularly among the higher retail price-point goods—become fringe items.

Last year the trend was reversed as the fringe items once again became "never outs," according to Steve Plecko, tool merchandise manager for Stem Distributing, Maple Heights, Ohio.

Plecko reported "a more optimistic attitude at the retail level" regarding the tool category, explaining many discounters now feel they can capitalize on the rebounding business by featuring basic, everyday hand tools.

As for the power tool category, it "went well because we concentrated on basic assortments," according to Ray Fondran, the distributor's power tool merchandise manager. Although Stem looked to trim its power tool line, it has not yet gotten out of Skil or cut back on its Wen stock as previously planned.

In the latest Product Movement Audit, covering January 1982 results, three of the top 15 total dollar movers belonged to Wen, with Skil not represented on the listing. First place this time went to Dremel's moto-tool kit with a total dollar movement of $4,741.80 on the strength of 140 units sold at an average retail of $33.87.

With many discounters getting out of the expanded home improvement business, Stem's sales in the category "improved over 1980," according to Ed Russ, the distributor's executive vice president. Many

(Continued on page 31)

Pressure-Sensitive Labels Seen Hot

NEW YORK—Pressure-sensitive labels stick out as the leading growth category in labeling products, according to a new study by Frost & Sullivan, marketing research firm.

In *The Label and Label Equipment*, pressure-sensitive labels are heralded as holding strong positions in retail, pharmaceutical, electronic data and office labeling for the next five years.

The report predicts a 52.6% increase in sales of equipment for production of pressure-sensitive labels by 1986 as an indication of the category's strength. Sales are projected to move from $19 million to $29 million.

But according to the study, heat-seal labels—currently a category not fully developed—could make inroads in pressure-sensitive labeling's future. Sales of equipment for glue and heat-seal labels are expected to increase 35% from $21.5 million to $29.2 million.

Easy does it.

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An extended, 20-year warranty and an improved, easier-to-use formula head the list of features today's energy-conscious homeowner expects from Dow Corning 100% silicone rubber caulks and sealants marketed by DAP.

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Nothing beats the ease of ordering all your caulks and sealants from a single source, your DAP sales representative. Make your product selections from a full line of both organic and silicone products. Your order is processed and shipped as a single order—saving you shipping costs; administrative time; paperwork and simplifying inventory control.

Easier to sell.

Throughout the year, DAP will be offering special trade and consumer promotions on Dow Corning's line of silicone caulks and sealants. Each consumer promotion is backed with in-store P.O.P. materials to call attention to the special offer. It all adds up to increased profit for you.

For more information on how to increase your caulks and sealants profits in 1982, contact your DAP representative or write Silicone Product Manager, DAP Inc., P.O. Box 277, Dayton, OH 45401.

We make it easier to do it better.

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HOME IMPROVEMENT CENSUS

Sales Please

(Continued from page 29)

chains that have chosen to remain in the category have bought from distributors to avoid carrying excessive stock in higher-ticket DIY items. During the cold Midwest winter months, items such as dryer vent heat savers, poly sheeting and weather strip tape all appeared on the list of top dollar movers.

Energy-saving items continued to dominate the most recent listing, with duct tape, a heat deflector and poly sheeting occupying three of the top five spots on the chart. The reasoning behind the surge in energy-saving items is the ever-escalating cost of home heating. Homeowners were quick to install plastic sheeting on all nonstorm windows and were also busy performing other heat-saving tasks throughout their dwellings.

In the electrical category sales were good, with a minimum of seasonal sales in the mostly basic business. The Romex 12/2 250-ft. extension cord with guard continued to be the category's top grossing item. The product once again occupied the top spot in the electrical listing, remaining there since the December 1981 listing. Stem's electrical buyer

(Continued on page 34)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	(Continued from page 29)			
	PAINT			
1	1699C GL Lucite Int enamel	808a	15.58	12,588.64
2	50 gal Lucite house trim white	816	14.56	11,880.96
3	2386C gal Lucite wall ceiling wht	800	12.00	9,600.00
4	0041 Formby aerosol paint remover	1,620	4.40	7,128.00
5	2360C gal Lucite wall white	540	12.00	6,480.00
6	2329C gal Lucite wall ant white	480	12.00	5,760.00
7	0013 Formby 32 oz furniture refinish	600	8.54	5,124.00
8	1629C gal Lucite int enamel ant white	300	15.58	4,674.00
9	1800C gal Lucite ext enml white	288	15.58	4,487.04
10	0010 Formby 16 oz furniture refinish	756	4.59	3,470.04
11	2250C gal Lucite house trim s/gloss white	216	16.26	3,512.16
	PAINT SUNDRIES			
1	40011 WD-40 Rust preventative, 9 oz	8,388	2.00	16,776.00
2	0910 Perm-E-Lastic Spackling comp	6,552	1.14	7,469.28
3	40015 WD-40 Multiuse lubricant, 12 oz	2,232	2.47	5,513.04
4	LN601S Macco liquid nail adhesive	3,912	1.38	5,398.56
5	101B Viking caulking gun	3,108	1.58	4,910.64
6	FS145 Clear Macco fix-n-seal, 11 oz	1,560	3.13	4,882.80
7	FS145 white Macco fix-n-seal, 11 oz	1,416	3.13	4,432.08
8	1304S/G104-AO-73 EX 4 pc brush set	2,341	1.84	4,307.44
9	200 BX Krazy glue, 0.07 fl oz	3,930	1.09	4,283.70
10	938-TAP-90 EZ 3 pc paint set	1,573	2.60	4,089.80
11	Shur-caulk penco wht caulk compound	5,400	0.57	3,078.00
12	E701 Borden Carpenter Wd glue, 8 oz	1,824	1.56	2,845.44

(Continued on page 34)

FedMart, in one of its Houston units, uses endcap space for a manufacturer display of outdoor security lights. The endcap acts as a lead-in to a gondola run of desk lights. *(DSN photo)*

Nonfood Stores Sell $6B Food

NEW YORK—Shoppers are buying nearly $6 billion a year in food at nonfood stores, primarily discounters, drug chains and other general merchandise stores.

The total includes millions of dollars in food coupons redeemed in 1981 at chains such as K mart, Woolco, T.G. & Y. and Murphy's Mart, according to *Food Merchandising For Nonfood Retailers*.

Coffee and tea were big categories at traditional nonfood stores, and more than $40 million in tea and $60 million in coffee were sold in those units, according to the publication.

Discounters commonly run food items in multiples—such as Woolco's two-for-$1 sale of Brillo boxes (10 pads per box)—to give them higher-ticket sales. The pricing structure also helps to undercut supermarket prices, where Brillo may be 59¢ a box in the same market.

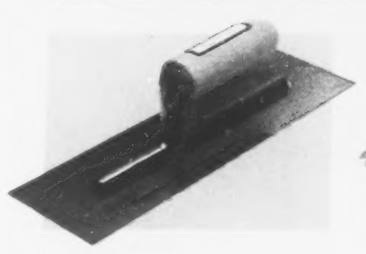
Woolco food buyer Frank Salvadore said the chain cherry-picks food items to be used as traffic draws. "That's why many of the best food buys you see today are in drug and discount stores," he added.

Hills Employees Aid Hospital

PITTSBURGH—A check totaling $17,358.76 in contributions from employees and customers of the 16 Hills stores in the Greater Pittsburgh Area was presented during the annual Children's Hospital Telethon on KDKA-TV.

Hills employees have been involved with the Hospital Fund Drive for four years now, and last year, as in previous years, contributed toys to the children and decorations for the Children's Hospital Telethon set.

New products added to the Hyde line for your DIY customers!

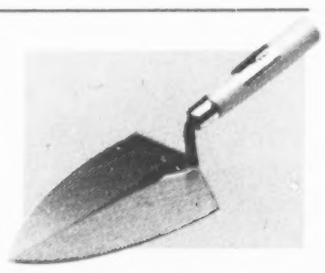


New Trowels. Full range of cement, floor and wall. All types and sizes, notched and pointed.

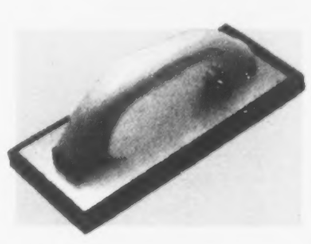
Adhesive Spreaders. New Hyco Brand with "V" or square notched blades. Budget priced!

Cement Edger and groover trowels. Polished steel blades, mountings with hardwood handles.

Adhesive Applicators. Low cost, 4 models notched for asphalt, vinyl, ceramic tiles, linoleum.



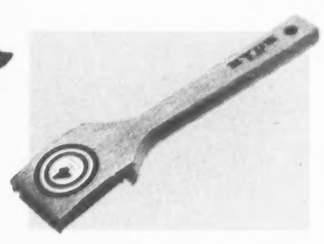
Tile Trowel. 7" high carbon steel blade, 4½" heel with hardwood handle to set tiles.



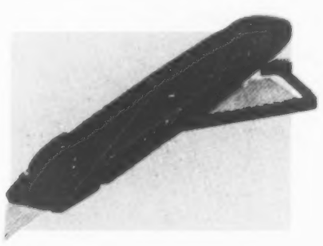
Floats. Rugged construction for grouting tile and masonry work. Rubber base, aluminum back.

Tile Nippers. Forged steel carbide tipped edges with return spring. Cuts tile up to ½" thick.

Wall Saw. Deep set sharp teeth for wallboards, etc. Good steel and sturdy handle.



Paint Scraper. 12" long handle, angled scraping head, with 4 edge carbon steel blade. New!



Utility Knife. Features 3 position front loading blade plus storage of 3 blades in handle. New!

Good news! Major lines now packed 5 each in stock boxes for fast turnover and minimum investment.

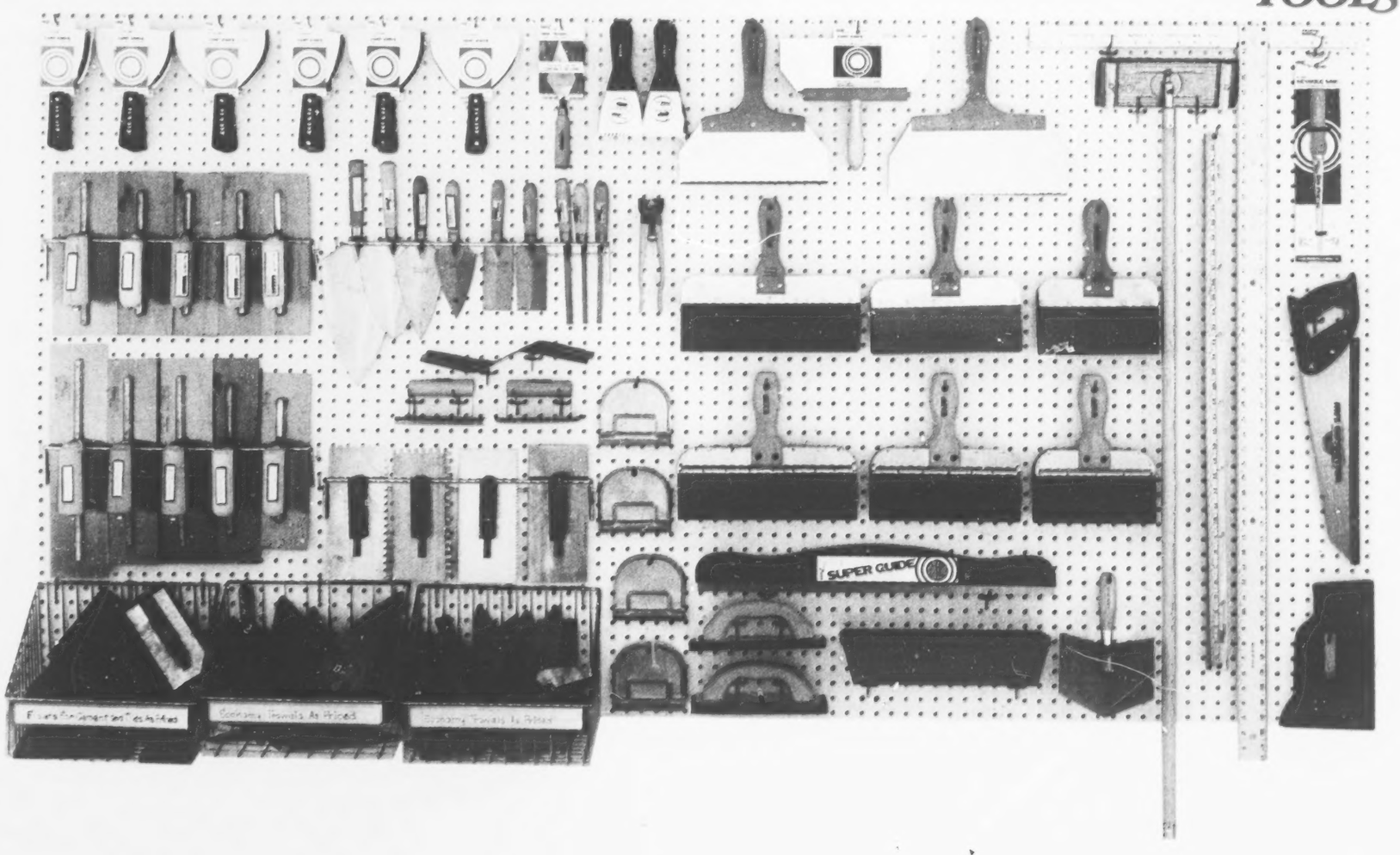
For more sales, more profit from more satisfied customers in your store, we've added these new tools for wallboard, flooring materials, tiles, cement and masonry projects.

Hyde promotes a one source of supply for you...a one stop time and energy saving service for your DIY customers.

The complete range of Hyde Tools now includes putty knives, paint scrapers, wallboard tools, cement and tile trowels, flooring knives, wallpapering tools and many other tools for surface preparation, redecorating, restoration and home improvement.

Write for information on this complete line of tools and our point-of-sale service programs. Hyde Tools, Southbridge, MA 01550.

HYDE TOOLS



HOME IMPROVEMENT CENSUS

Rink's features caulks in good-better-best pricing and cross merchandises them with guns on Norwalk, Ohio, store endcap. Inside run uses cut-case and binned displays. *(DSN photo)*

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	(Continued from page 31)			
	PLUMBING			
1	Mark II B grade toilet comp white	722	54.89	39,630.58
2	ST5 40 NSRT 40 gal gas heater 5 yr	237	155.75	36,912.75
3	½ CPVC pipe 10' length	7,950	2.21	17,569.50
4	PM3600 Flo plastic pump-pedistal	192	75.44	14,484.48
5	½ M Hard copper 10' length	3,750	3.45	12,937.50
6	4331 Aquastream kit faucet single	425	24.09	10,238.25
7	L1100 Aqua kitchen faucet sgl cont	295	32.60	9,617.00
8	SS1000 Plaskol 32" shower stall	70	132.40	9,268.00
9	4201 Aquastream lav faucet w/pop-up	309	29.01	8,964.09
10	SC3000 Flo cast iron pump-submers	72	121.99	8,783.28
11	S2500A Flo sump pump-submers-auto	98	90.01	8,820.98
12	1½ PVC DWV sch 40 pipe 10' lg	1,888	4.27	8,061.76
13	MV18E CP14 BWD vanity w/top 19x17	103	77.99	8,032.97
14	NE3322 Neptune 22x33 SS sink	179	39.09	6,997.11
15	NMR 3322 Neptune 22x33 SS sink	101	67.14	6,781.14
	IMPORTS			
1	A3001/ECO 1½ ton hyd floor jack	277	58.50	16,204.50
2	DP3MJ 3 speed 8" drill press	134	105.00	14,070.00
3	T440 int/sls 40 pc socket set	828	9.00	7,452.00
4	T208 Int/Sls 3/8 dr 8 pc deep skt setq	853	6.75	5,757.75
5	DB500 ¼HP 5" bench grinder	136	40.50	5,508.00
6	T206/RAT-F38 3/8 DR flex ratchet	830	4.54	3,768.20
7	T183 Int/Sls 5 pc combo wrench set	666	5.17	3,443.22
8	A2500 Int/Sls impact driver	674	5.25	3,538.50
9	T199 Int/Sls 7 pc cod handle s/d setbg	552	4.48	2,472.96
10	T198 Int/Sls 4 pc wood handle s/d setbg	991	2.47	2,447.77
11	10x12 Import shelf brackets	3,344	0.67	2,240.48
12	8x10 Import shelf brackets	4,310	0.51	2,198.10
13	T221/02-248 21 pc ½ & 3/8 Socket set	311	6.75	2,099.25
14	T109 Int/Sls 21" bow saw	582	3.25	1,891.50
15	T40 Int/Sls 4" bench vise	126	14.27	1,810.62

Source: Stem Distributing, Maple Heights, Ohio. For January 1982.

Sales Please

(Continued from page 31)

Wayne Dixon said the item "sold well throughout the year, doing a steady rather than spurt business." Dixon said most of the cords were bought by sophisticated DIYers who needed the cords to complete work on extra rooms added to houses, garage maintenance and other home-related repairs.

January results showed continued strong showings in shorter extension cords, although they did not place among the top 15 dollar movers. Electrical accessories such as a porcelain receptable and a clamp-on light replaced the 6- to 15-ft. cords in past charts.

As for the plumbing category, Dixon said sales were "better than expected," a prime reason being the severe winter weather that enveloped much of the Midwest. End-of-the-year sales saw the distributor's stock of water heaters substantially reduced due to the large amount of replacement units needed by homeowners.

A glance at January's results showed many consumers were catching up on needed sophisticated plumbing repairs. The appearance of the Mark II toilet bowl unit, at an average $54.89 retail, as the category's top dollar mover, emphasized the continued health of the plumbing business.

Other somewhat high-ticket merchandise that appeared on Stem's printout were a gas heater, pump-pedestal, shower stall, cast iron pump and vanity with top. The items placed second, fourth, eighth, ninth and 13th on the chart, respectively, with the highest ticket honors going to the NRST gas heater retailing for $155.75.

'Baby Boomers' Prefer Discounters

COLUMBUS, Ohio—"Baby Boomers" shop discount stores most frequently.

This is one of the conclusions of *The Baby Boom Generation: Where They Shop,* a study by Management Horizons, a marketing research and management consulting firm. The study details shopping habits of those born between 1947 and 1962.

Discount stores are listed as the primary choice for children's apparel, leisure, recreational and hobby merchandise categories. The study finds Baby Boomers attracted to discount stores by price, quality and convenience.

Broken into two categories, the report also finds "early boomers" (aged 19 to 26) choose mass merchandisers Sears, Penney and Ward as their second preference, while "late boomers," aged 27 to 34, prefer department stores as second choice.

Forecast Good For Appliances

CHICAGO—Appliance manufacturers have forecast 1982 shipments of 32.3 million major appliances for an increase of 6.5% over 1981, according to a report released by the Association of Home Appliance Manufacturers (AHAM).

The largest increase is projected for microwave ovens, with shipments of 4.7 million units.

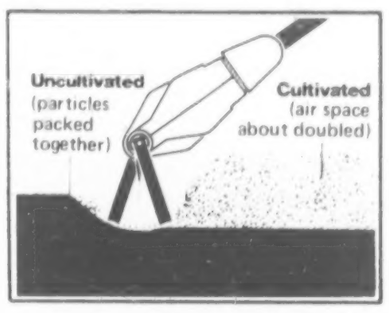
Won't dance, won't skate.

The incredible potential for a light weight electric weeder-cultivator to tap a huge yard and garden market has long been recognized. Quite a few such cultivators have been introduced over the years.

Trouble was, you couldn't find one that worked very well. Until now. Until the Green Machine Model 700.

At last, an electric weeder-cultivator that really works

Historically, light-weight cultivators have employed a rotary action. Tilt one while gardening and watch what happens. It runs away from you, dances up and down, and skates to the side. That won't happen with The Green Machine weeder-cultivator that uses a unique system of twin reciprocating blades instead of the rotating kind. The Green Machine's back and forth blade action lets you guide it with the greatest of ease. A powerful motor operates a geared drive-train that is rugged and dependable. Double edged spring-steel blades almost magically slice beneath topsoil, cutting all weeds in their path while churning and aerating. It's a truly amazing high-torque action that has to be experienced first-hand to be fully appreciated.

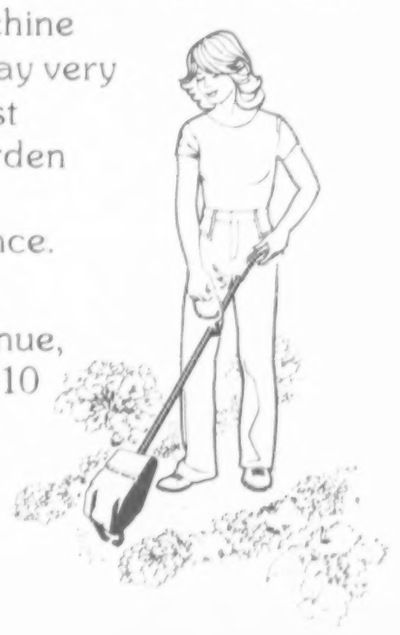


Continual weeding and cultivating is essential to the growth of healthy, vigorous yard and garden plants. Proper cultivation aerates the soil, almost doubling the volume.

The hit of the shows

Appreciation was exactly the reaction at the NRHA and GIA shows. Hands-on, in-action demonstrations drew record crowds and unprecedented praise. If you haven't yet shared this experience, contact your Green Machine distributor or write or call now. The Green Machine weeder-cultivator may very well become the most popular yard and garden tool you'll ever sell. Even if it doesn't dance.

HMC,
20710 Alameda Avenue,
Long Beach, CA 90810
(213) 603-9888



***The Green Machine*®**
electric weeder-cultivator

Get the Most From High-Tech Point-of-Sale Equipment

By Stephanie M. Shern
Partner, Arthur Young & Company

Electronic point-of-sale equipment is commonly in use at sales counters in stores all over the country. However, retailers have been slow to exploit all the information available from these devices.

Here's a brief look at some of the ways electronic point-of-sale equipment can be used to improve a retail operation.

PERSONNEL PRODUCTIVITY

Modern point-of-sale technology can provide detailed information about personnel productivity and performance that is more usable because it is stored on electronic media, and it can be summarized and reported through a data processing system. Store operations personnel can now take information to the employees to discuss productivity trends and provide insights into their performance.

Major Changes

In the days of mechanical point-of-sale equipment, store managers did not have data-analysis capabilities readily available, but this has all changed because of today's technology.

Recently, we were asked to perform a study of the use and effectiveness of "wanding"—a process in which the operator uses an electronic "wand" to scan a small rectangle of black and white bars imprinted on packaging to record price and other information about the item. Our client was surprised when we informed him that the data needed for this study was already available.

A Closer Look

Most electronic point-of-sale equipment identifies with a code the method of data capture (wanding vs. keying). In addition, the equipment captures wanding failures, rejected data, and other important information. Our client found that the data they needed to analyze had already been captured. All we had to do was develop software programs to analyze and summarize the data.

In addition to measuring the performance of employees, we were also able to provide data to the personnel and employee training departments to help them improve employees' performance.

PERSONNEL SCHEDULING

Electronic point-of-sale equipment allows personnel scheduling decisions to be made on the basis of complete information. For example, data capture makes it possible to develop statistical analyses, providing objective data on manpower needs not only by day of the week and by sales promotion, but also by hour of the day.

The analysis also can reveal the need for part-time employees and can help in scheduling personnel for the various peaks and valleys of sales activity in a given department.

STORE SCHEDULING

Electronic point-of-sale equipment also can provide the data necessary to analyze store scheduling. One retailer recently changed his store hours as the result of an analysis technique involving monitoring the number of sales per hour. One finding was that the volume of sales during the first half hour a suburban store was open did not justify opening the store at an early hour.

Similarly, the retailer looked at the last half hour of the selling day and found that the concentration of sales in suburban stores might justify extending the selling day. This company adjusted its selling day with very favorable results by scheduling its selling hours to follow these transaction patterns.

In Agreement

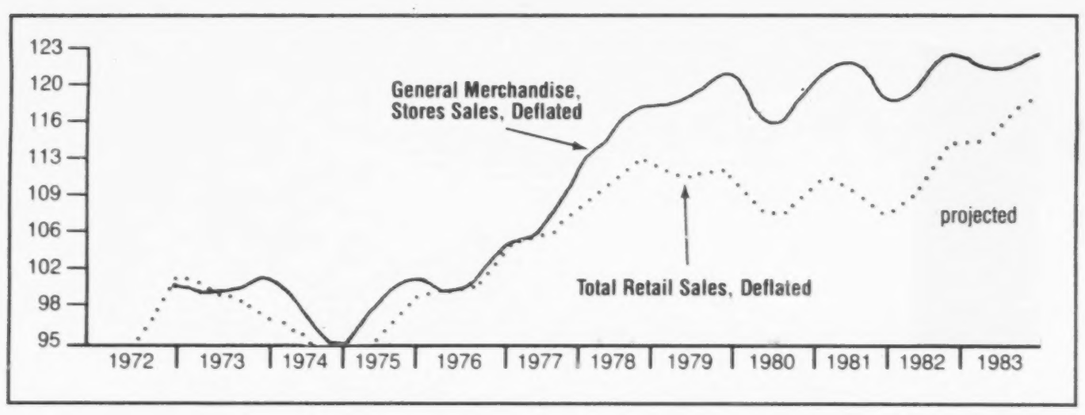
Other retailers who use electronic point-of-sale equipment have experienced similar successes when they analyzed major sales events and found that the concentration of transactions justified opening their stores earlier.

The potential for using more information—properly summarized to make it meaningful for management personnel—is virtually unlimited. The data base from electronic point-of-sale equipment is already there, and software can be developed to make it valuable to the planning and decision-making processes.

Stephanie Shern, C.P.A., is a former chairman of the New York State Society of Certified Accountants' retail accounting committee, for which she has conducted various seminars, and is a member of the board of the Metropolitan (New York) Retail Financial Executives Association. She is also a member of the National Mass Retailing Institute, the National Retail Merchants Association and the American Institute of Certified Public Accountants.

Econocycle

Discount Store Sales Still Sluggish; Rebounding in May



General Merchandise/Discount

	Sales Change By Quarter								12-Month % Change		
	'81 1Q %	'81 2Q %	'81 3Q %	'81 4Q %	'82* 1Q %	'82* 2Q %	'82* 3Q %	'82* 4Q %	1980 %	1981 %	1982* %
Sales include Inflation	7.9	12.5	9.5	5.0	2.5	2.2	6.5	10.2	5.9	8.6	5.4
Real sales (Deflated)*	0.9	5.8	3.2	−0.3	−2.4	2.7	1.3	3.6	−1.5	2.4	−0.1

Base = Dec. 1981 Sales
*Projected

After months of nagging pessimism, consumers seem to be turning confident about the economy again. But they still aren't ready to shell out hoarded disposable dollars for major purchases any time soon, according to the latest soundings of the Conference Board.

This outlook goes hand-in-glove with current Econocycle projections for general retailing over the next few months.

Consumer spending gains will probably be modest at best, the new Conference Board study indicates. Its latest consumer confidence index reading (calculated on a 1969-70 base of 100) moved up to 61.2 in January, an increase of 1.8 points over December.

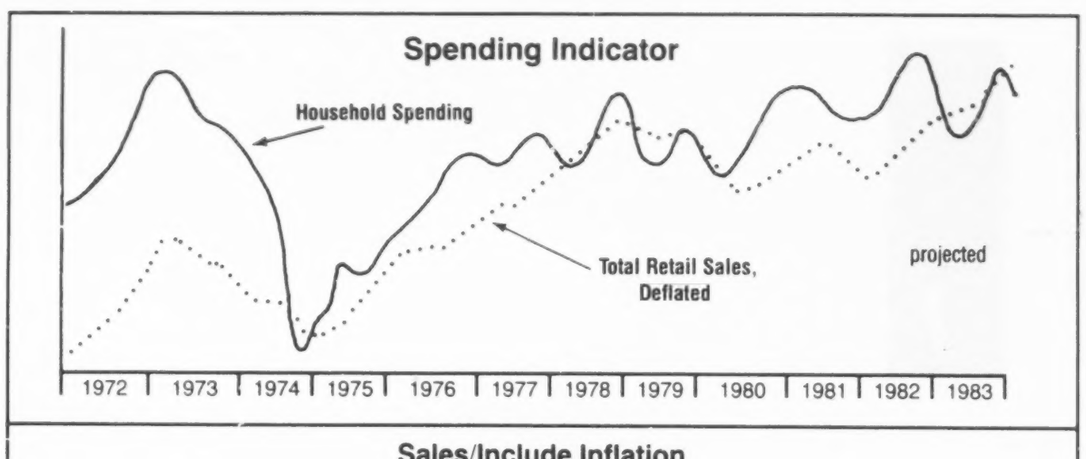
The turnaround in attitude hints at an improving economy and mirrors L/F's own spending indicator (below) which now sees a clear "recovery path" opening up for general retailing in the second quarter—although at a slower pace until year's end.

The L/F Econocycle forecast for discount stores sees continuing sales sluggishness over the next two months. Sales declines of 2%-3% through April will start reversing in May as the spring selling season takes root.

Overall, discounters are heading into a moderate recovery and by the half should be matching and beating '81 volume figures, the computer model projects.

General retail sales will be off 1%-2% next month, roughly half the rate of decline during the first three months of the new year. The retail economy should take on a healthier glow as sales edge upward through the second quarter.

- Food-service volume next month will go ahead 1% for the first time this year.
- Apparel specialty outlets have already turned the corner on 1982 and are heading for increases in the second period. Look for gains of 1% in March-April.
- Department stores project 2%-3% declines before nosing upward again in May.



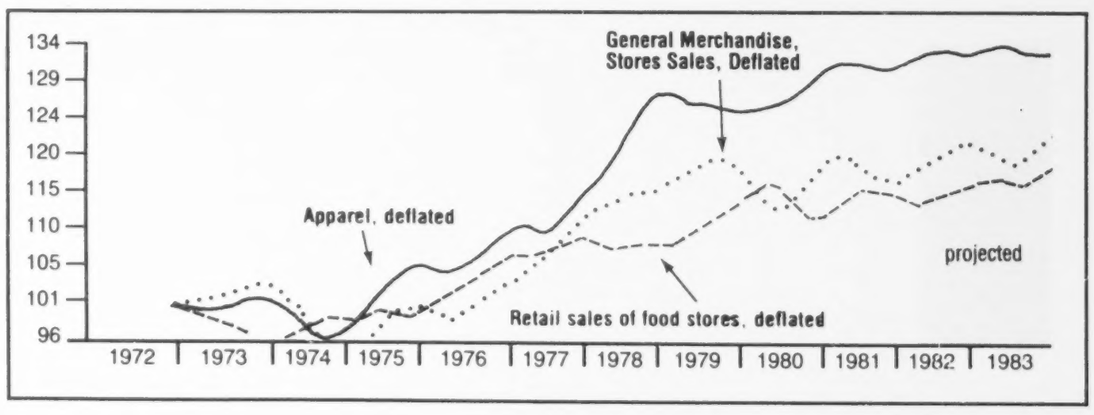
Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1981	1Q	9.9	10.5	7.4	8.4	10.4	8.4	9.8	7.9	8.4
	2Q	12.3	10.7	11.4	15.2	10.3	9.0	8.7	12.5	10.9
	3Q	10.2	9.4	10.0	7.4	8.7	5.0	8.3	9.5	8.5
	4Q	6.2	7.9	9.8	−6.2	5.2	2.5	5.9	5.0	4.6
1982	1Q	3.1	7.6	8.3	−10.1	5.4	1.3	2.3	2.5	2.2
	2Q	3.8	7.4	7.6	0.7	5.3	7.5	4.4	2.2	3.8
	3Q*	5.4	8.0	11.4	10.7	6.3	9.3	4.9	6.5	6.7
	4Q*	7.6	9.1	10.9	15.0	6.9	8.1	5.7	10.2	8.8
% change 12 mos.	1980	7.5	10.8	8.7	−3.2	11.9	4.7	4.6	5.9	5.4
	1981	9.6	9.6	9.6	6.0	8.6	6.2	8.1	8.6	8.0
	1982	5.0	8.0	9.6	3.6	6.0	6.5	4.3	5.4	5.4

Real Sales (Deflated)*
% Change By Quarter

1981	1Q	0.4	−1.4	−2.1	−1.2	0.2	2.2	5.9	0.9	2.2
	2Q	3.6	0.4	2.1	6.0	0.3	3.0	4.5	5.8	4.9
	3Q	2.4	1.2	1.1	0.5	−1.1	−0.6	3.9	3.2	2.5
	4Q	−0.4	3.0	1.6	−11.1	−3.9	−3.1	2.6	−0.3	−0.3
1982	1Q	−2.4	1.9	1.8	−13.1	−2.1	−4.6	−0.8	−2.4	−2.5
	2Q	−0.6	−1.0	0.9	−2.9	−0.3	0.2	1.3	2.7	−1.2
	3Q*	2.5	−0.9	4.1	3.7	2.1	1.1	2.0	1.3	1.4
	4Q*	5.4	−0.4	3.3	5.5	3.0	0.0	2.2	3.6	2.6
% change 12 mos.	1980	−2.7	3.0	−0.7	−12.4	2.5	−1.4	0.1	−1.5	−1.2
	1981	1.5	0.8	0.6	−1.6	−1.1	0.4	4.2	2.4	2.3
	1982	1.2	−0.1	2.5	−2.2	0.6	−0.9	1.2	−0.1	0.0

Base = Dec. 1981 Sales
*Projected



About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (=100) in order to establish meaningful performance comparisons.

C5150-3 4/4/82

The Growth of Ethnic H&BA: Pp. 14, 19
Catalog Showroom News: Pp. 2, 3, 20

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

VOL. 21, NO. 7 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | $2 a copy | APRIL 5, 1982

1981 Saw Big Sales Gains, Mixed Profits

Nationwide DSN Report

The first round of year-end results released by discounters reflect the balancing act last year's economic stagflation forced the chains to play.

Most chains, with the exception of Heck's and Woolworth/Woolco, turned in double-digit sales gains. But things were different at the bottom line, with only a few chains, notably Wal-Mart and Zayre, posting earnings gains that matched or exceeded sales advances. Operating income results at Venture showed that chain 40.3% ahead of the previous year.

But, at most chains, including K mart, Heck's and Duckwall-ALCO, sales gains were bought with precious gross margin dollars.

Wal-Mart's performance, predictably, topped the charts with sales of $2.44 billion, a huge 48.8% increase over the previous year's sales of $1.6 billion—fattened by the acquisition of 104 Big K stores in August 1981. Comparable-store sales increase was 15%.

The chain virtually matched its sales increase on the bottom line with net earnings of $82.8 million, a 48.7% increase.

Wal-Mart watchers, noting the healthy sales and earnings gains for fiscal 1980 and 1981, better than 40% in each column for 1980, closer to 50% gains in 1981, expect more of the same for fiscal 1982.

One analyst, Walter F. Loeb, of Morgan Stanley, has concluded his original estimate of the chain's performance was too conservative, and he has boosted his projections for 1982.

Sam M. Walton, chairman of the company, projects sales of $3.44 billion in fiscal 1982, a 40% gain. But, he projects sales growth to be 20%-25% in 1983.

At K mart, chairman Bernard M. Fauber said, "Fiscal 1981 sales were slightly above expectations . . . resulting in increased market share."

The chain registered sales of $16.5 billion for the year ended Jan. 27, 1982, an increase of 16.4% over fiscal 1981. But, the discounter bought these sales at the expense of gross margin which slipped to 25.2% of sales compared to 26.7% of sales in 1980.

K mart posted a net income of $220.2 million, a decline of 15.5% from the previous year. A year ago, net earnings had slipped 27.2% from the year before that.

In the future, Fauber said, the company would "devote more management and financial resources to existing stores rather than continued maximum expansion of new retail units."

Analyst Loeb commented K mart's strategy of tighter inventory and cost controls, concentration on its profitable apparel areas, and elimination of the profit-draining major appliances ought to contribute to the chain's long-range earnings recovery. However, he doesn't think K mart is poised for a quick turnaround.

Loeb forecasted a "gloomy" first-half for the chain, partially based on continuing slow spending by K mart's economically hard-pressed middle-to-

(Continued on page 30)

Wal-Mart Leads Advancers

CHAIN	Latest Fiscal Yr. Earnings: % Change	Latest Fiscal Yr. Sales: % Change
Wal-Mart	+48.7	+48.8
Venture	+40.3 (a)	+ 9.0
ADG/Caldor	+34.8	+40.9
Zayre	+26.0	+12.7
Target	+19.0 (a)	+34.0
K mart	−15.5	+16.4
Duckwall-ALCO	−16.4	+14.1
Heck's	−26.9	+ 9.6
Woolworth/Woolco	−47.4	+ 1.3

(a) Operating income — *Source: DSN Research*

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Digest

April 5, 1982

HARDWARE

- **A severe winter and consumer acceptance of higher prices** have made the paint picture bright for spring. (p. 8)
- **Tradeup and yellow are hot trends for patio goods. (p. 8)**

HOUSEWARES

- **K mart's La Collection Fleurs electrics line may be on the way** out. (p. 10)
- **Imports of iron, steel, copper cookware are up. (p. 10)**

H&BA

- **Discounters are making a major effort in ethnic H&BA, but** still have a far way to go. (p. 14)
- **Ethnic cosmetics is a big challenge and opportunity for** chains. (p. 14)

Index

Catalog Showroom News	20	Product Movement Audit	
Classified	25-26	H&BA	19
Editorial	7	Specialty Discounters	22

FedMart Is Reportedly on Block; Dayton Hudson Held Interested

SAN DIEGO—Executives at FedMart have reportedly begun negotiations to put the 51-unit discount chain on the block.

Dayton Hudson, parent of the Target and Mervyn's chains, is among those said to be talking to the financially beleaguered West Coast retailer.

While Dayton Hudson officials wouldn't comment on whether the company was considering picking up the chain as an expansion vehicle for either or both of its retail divisions, a spokesman at Mervyn's confirmed the chain had been looking at FedMart stores in a number of markets.

Last October, FedMart shuttered its 12 Texas stores. In the last few months, five more stores—four in southern California and one in Arizona—have been closed.

FedMart officials refused to respond to repeated phone calls from *DSN*.

Store Plans

The bulk of FedMart's stores are about 100,000 sq. ft., with less than 10 between 50,000 and 100,000 sq. ft. The remainder, some of which have already been shuttered, range between 20,000 and 50,000 sq. ft. Both Target and Mervyn's prototypes could be adapted to the bulk of those configurations.

Target, Dayton Hudson's upscale discount operation, has been rapidly expanding in the Sunbelt, with stores ranging from 80,000 to 100,000 sq. ft. in markets as far south as Texas and as far west as Colorado.

FedMart's Arizona and southern California stores could make a strong bridge between Target's existing locations and the West Coast, as well as providing a vehicle into the fickle—and under-discount-stored—southern California marketplace.

Mervyn's, Dayton Hudson's more-than-80-unit family apparel and soft line chain, has also been rapidly expanding in eight Western states, with plans to be coast-to-coast within five years. Mervyn's is also planning a major expansion thrust into Texas next

(Continued on page 24)

Shanower, Weaver Out At Fishers Big Wheel

NEW CASTLE, Pa.—Fishers Big Wheel has lost two of its top veteran executives with the departure of vp and gmm Frank Shanower, 42, and vp of finance Thomas Weaver, 40.

They resigned their posts, apparently under pressure.

Chain officials said they had no comment on the departures.

According to vp of sales and marketing, Homer Helter, no replacement has been named for Shanower. Helter said a replacement would be named by the end of May; he indicated the chain's ideal candidate would have a heavy soft lines background.

Shanower, whose background is hard lines, had no comment on the circumstances surrounding his departure.

Shanower was with Fishers for 10 years, serving as vp of hard lines before being named gmm in 1979. Prior to joining the chain, he held merchandise manager of hard lines positions with White Front, then a division of Interstate, and Kroger Family Centers. His career began with Cook United.

Frank Shanower

Fishers has tapped vp of real estate Albert Agostinelli, 35, to fill Weaver's post. Agostinelli, a seven-year company veteran, will also retain his real estate duties.

For the fiscal year just ended, Fishers reported sales of $165 million for its 68 units, compared to $139 million in 1980.

K mart Sets 3-Week Ad Binge As It Blows Out 20 Candles

TROY, Mich.—K mart will boost its advertising levels more than 50% beginning next week, in a springtime promotional push geared to the chain's 20th anniversary.

K mart's plans call for expenditures of nearly 8.6% of its total annual advertising budget in a three-week campaign set to begin April 14. The drive will cut across media channels, using television and radio spots as well as newspaper and magazine ads.

The outlay of $34.5 million in advertising for the three-week period is half again as much as average spending levels—near $21 million—would be for the period. However, timing of the affair will enable K mart to take full advantage of seasonal and high-margin goods such as warm-weather apparel.

"The advertising campaign doesn't correspond to our actual birthday, which was March 1 for the first K mart built in Garden City, Mich.," a chain spokesman said, "but we are considering spring 1982 as our anniversary so we delayed the publicity."

The promotional campaign will mix institutional and item/price advertising, the spokesman said. Central slogan for K mart's blitz will be "20 grand years of savings." Special store events, if any, will be organized at regional or local levels.

For the current fiscal year, K mart's ad budget tops $400 million. This represents an increase of 6.8% from last year's expenditure of nearly $380 mil-

(Continued on page 24)

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Editorial

Expected Recovery Should Help Retail Stocks

By ROBERT Z. CHEW

There's an old Wall Street saw that says retail stocks lead major stock market advances by three to six months. The question always remains, however: When will the trough begin its curve skyward?

It's true retail stocks have fallen on hard times when it comes to getting recommendations from hardnosed security analysts. The last five years have been especially tough, but with the recession bottoming out this year the analysts appear to be giving more and more thumbs-up signals these days.

The green light is being given to the obvious winners, like Wal-Mart, Dayton Hudson and Federated Department Stores, but between the lines analysts are giving the go-ahead signs to the less stellar performers of recent quarters.

K mart, with its recent fiscal 1981 earnings decline of 15% to $220 million on a 16.4% sales increase to $16.5 billion, has been given the nod as a stock with "long-term appreciation potential" by Walter Loeb of Morgan Stanley, New York.

Loeb sees K mart as having an earnings-per-share yield this year of some $2.35, up from $1.75 last year. This may be tough to figure, being that he also predicts "K mart's first-half fiscal 1982 income [will be] gloomy . . . with a major profit setback in the February-April span. . . ."

But, Loeb forecasts a major rebound in the fourth-quarter income, due to shifts into more apparel, elimination of major appliances, and slowdown on store expansion. And, 1983 is looking like a $3.05 earnings-per-share year, Loeb says.

Wall Street rival Goldman Sachs is quite a bit more bullish on K mart this year, with its retail prognosticator Arthur Charpentier putting estimated earnings per share at $2.75 this year, up substantially from the $1.75 level of '81.

Don't get me wrong, retail stocks are not high flyers right now, except possibly in the case of Wal-mart and potentially some new specialty stores aligned with the booming home computer business.

Charpentier's associate Joseph Ellis just issued a report on retail economic indicators that said there were both convincing signs of a consumer upturn and that retail stocks are living late in a lifecycle.

This makes it especially tough for investors. Do you get in now before the turnaround actually gets under way (if you believe the economy has bottomed out) or do you take Ellis' advice which is that the outlook for retail stocks is "average."

Ellis further hedges his bet by saying, "We [Goldman Sachs] advocate the ownership of retail stocks, but in a discriminating cool-headed manner that emphasizes the momentum of individual companies rather than the group as a whole." That's easier said than done.

On the specialty and discount store side Goldman Sachs is pinning its hopes on K mart, Limited Stores and Wal-Mart.

But is the upswing in the economy imminent or will we languish for another year or more?

There are several leading indicators that are indeed bright.

Real average hourly earnings are expected to increase 0.3% and 0.6% in the third and fourth quarters, respectively.

The cut in Federal withholding taxes, which adds up to a 1.7% boost in disposable income, will also put more real dollars in consumer pocketbooks and, hopefully, in the retail marketplace. This indicator generally leads the way for upturns.

Credit usage has slowed from the wild credit card use of the late 1970's that was spurred on by low interest rates. Now, it appears, consumers have slowed considerably credit purchases due to excessive interest rates, paid off debt, and are seemingly gearing up for more traditional spending patterns. In short, a trough has developed.

Wall Street is predicting a strong second half because of those factors and many others, but again it's cautious about the retail industry as a whole during the recovery.

Analysts, it seems, tend to be very bullish on retail stocks during the early stages of the market lifecycle, but retailing's attractiveness wanes during recoveries.

What's important, it seems, is that Wall Street is looking at a recovery and retailing is always part of the advance guard in an upsurge. With the recognition of an upswing more investors are undoubtedly going to start taking a sharper look at the sharp retail operators.

Washington Beat

ARF Sees Higher Retail Sales, But Vulnerable Profits

By John S. Friedman

WASHINGTON—What lies ahead for retailing?

Some answers are offered in a new report just issued by the American Retail Education Foundation, chartered by the American Retail Federation. Its findings are important to discounters.

In mid-1981, the report notes, 20.8 million people were employed in wholesale and retail trade, of which 15.4 million were in retailing.

In 1980, the latest year for which figures are available from the Government, all retail sales equaled some $956 billion, while gm stores accounted for some $116 billion, up from $109 billion in 1979.

However, inflation has hurt. *Business Week* revealed in a scoreboard of company performance for 1980 that three retailers were in the top 25 of the nation's corporate giants for sales; but in the list of the top 25 for earnings, no retailers appeared.

Statistics further reveal that retail price increases in the last 15 years have been substantially less than the increase in the general price level

In 1979, the consumer price index (C.P.I.) rose by 11.6%; the general merchandise price index (GMPI) by 5.7%. And in 1980, the C.P.I. rose by a whopping 13.3%; the GMPI by approximately half—7.7%.

The report points out the extension of credit and the increase in bankruptcies in recent years have imposed a heavy financial burden on retailers. One medium-sized firm that does much of its sales on credit discovered while sales increased 9.3% in 1979, its interest charges increased by 33.1%.

Consumer bankruptcies, according to the director of the U.S. Court's Administrative Office, jumped from 197,000 in fiscal 1979 to 410,000 in calendar 1980. Sears suffered an increase in bankruptcy losses in 1980 of 120% over 1979 losses; Ward by 117%.

Energy costs—even with the current decrease—are expected to add significantly to retailer bills. One large chain, which spent $110 million on energy in 1979, estimates its energy costs will rise to $510 million by 1990.

Sweeping changes in technology, however, may affect retailing more than any other developments. Video discs may enable customers to select items from TV screens in stores or in homes. Shoppers could also obtain performance ratings and other product information by a two-way cable TV hookup or through a joint telephone-TV connection.

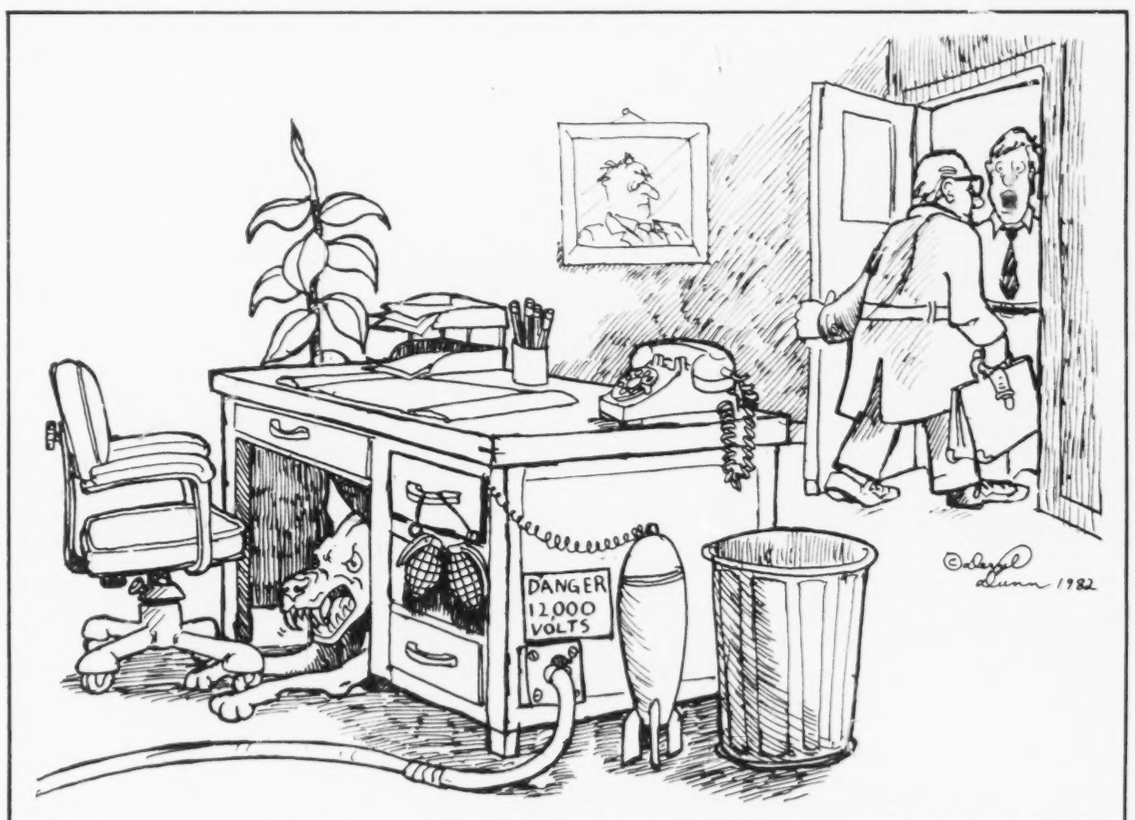
Electronic messages and electronic mail will increasingly come into widespread use during the next decade.

Retailing will also be affected by new automation which will witness the growing use of robots and computers.

But overall, "prospects for retailers during the balance of the 1980's appear less promising than those prevailing a decade ago," a Standard & Poor's survey cited by ARF concludes. During the 1970's, "Sales were boosted by rising employment and real incomes inflation-hedge buying, wider use of cheap consumer credit, and greater consumer reliance on asset appreciation than on savings."

Inflation raised operating costs "more rapidly than sales during the latter 1970's, and strong efforts will be required to arrest this trend," Standard & Poor's notes.

The facts and interpretations in the ARF's report, "Retailing 1982," reveal competition will be stronger and increased profits will depend on sound management.



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HOUSEWARES

Is K mart Plowing Under 'Fleurs'?

TROY, Mich.—K mart is cutting back on its La Collection Fleurs, adding that the private label line of traffic electrics may be headed for extinction.

The discounter launched the line in 1980 and expanded it in 1981.

According to a spokesman, the chain is phasing out "certain" items from the seven-sku line, but a decision has yet to be made on discontinuing the entire group. The spokesman declined comment on which, or how many, items were being dropped. But, all items in the collection are currently being offered at "clearance" prices in the stores.

Given K mart's originally stated reason for introducing La Collection Fleurs, it seems unlikely that the discounter would continue offering two or three items from a line of seven.

Why It Was Done

The collection was launched because K mart's consumer research showed customer demand for a color-coordinated line of fashion kitchen electrics. K mart was already offering its K-lectable kitchen electrics featuring a small herbs-and-vegetables motif on a white background, similar to Corning Ware's Spice of Life pattern.

Consumer research showed a market existed for a second coordinated line. La Collection Fleurs, with a totally different look and higher price points than K-lectables, was unveiled. The merchandise featured a bold stylized floral pattern on a gray background.

In 1980 K mart became the only discounter to offer not only one but two color-coordinated lines of private label kitchen electrics.

The original La Collection Fleurs consisted of four items: a can opener/sharpener; a 5-qt., deep-fat fryer; a 4-qt. slow cooker and a 10-cup drip coffeemaker. The coffeemaker was the most unusual of the group since it used a floral decorated metal carafe, instead of the glass carafe found in the K-lectable and branded lines. A hand mixer, a two-slice and a four-slice toaster were added to the collection last year.

The seven-item La Collection Fleurs group was, for the most part, priced 10%-30% higher than the comparable items in the K-lectable line at everyday prices. Both collections were carried in all stores.

For instance, the La Collection Fleurs drip coffeemaker's everyday retail price was $29.97 vs. $26.97 for the K-lectable item; the two-slice toaster: $16.97 vs. $13.97; the 5-qt. fryer: $21.87 vs. $15.97, and the 4-qt. slow cooker: $22.87 vs. $15.97.

Over the past two years, K mart's efforts to promote La Collection Fleurs included: signing the department with a list of items in the line; featuring the merchandise in full-color, four-page bag stuffers, and using the items frequently in price promotions, including the chain's rebate offers.

Despite K mart's efforts, sales and bottom-line results were evidently less than expected. This particular private label collection probably ran into a variety of problems.

First, the line was so highly styled and distinctive in color, it was bound to be less appropriate for the majority of customers' kitchen color schemes than K-lectables, which was essentially white. Second, despite frequent promotions, the items were priced as high, or higher, than K-lectables and many name brand items.

Increased Competition

Finally, a recessionary economy dramatically increased the toe-to-toe price competition in traffic electrics, forcing K mart into lowering promotional price points of both private label lines. (K mart's spokesman said, however, the K-lectable line will be continued with no deletions currently being considered.)

For instance, a chainwide, eight-page pre-Christmas ad took some deep cuts across-the-board on La Collection Fleurs. The price of the four-slice toaster was slashed from $27.67 to $19.77; the drip coffeemaker from $29.97 to $23. The slow cooker and deep fryer, priced at $22.87 and $21.87, respectively, were each being promoted at $13.87.

On the brighter side, a K mart elimination of La Collection Fleurs would free some shelf space for name brand merchandise. Since one of the chain's stated goals is an expansion of name brands, this strategy could have played a part in its decision to drop La Collection Fleurs.

K mart's La Collection Fleurs slow cooker and deep fryer, shown in the Troy, Mich., store, are part of a seven-item private label group the chain may be eliminating. *(DSN photo)*

Iron/Steel Top Gainer in Cookware Imports

WASHINGTON—Iron, steel and copper cookware were the big gainers in 1981 among imported metal cookware, according to just released year-end figures from the Department of Commerce.

Downward Spiral

Total imports of metal cookware, however, dipped some 8.8% in both dollar and unit volumes last year compared to prior-year figures, with major drops being registered in porcelain-on-steel cookware, off 28.9% in dollar sales; cast iron, off 33.3%, and stamped aluminum, off 17.5%.

Total import volume for imported metal cookware was $142.9 million in 1981 compared to $156.7 million in 1980, adding up to the 8.8% drop.

Total unit figures showed a similar decrease with 1981 units at 81.2 million units shipped while in 1980 some 89.1 million units of cookware were imported into the United States.

The import stars during the year were iron, steel and copper cookware.

Iron/steel cookware tallied gains of over 57% with volume hitting $2.5 million during the year compared to $1.6 million in the prior year, Commerce Department figures showed. Unit sales for the products were 2.07 million in 1981 compared to 2.02 million in '80.

Copper cookware was the No. 2 gainer with volume reaching $19.7 million last year, compared to 1980's dollar volume of $16.4 million, a gain of close to 20%.

Similarly, unit sales jumped close to 44% to 5.9 million units shipped to United States shores compared to 4.1 million in 1980.

The biggest loser was cast, uncoated aluminum cookware.

Imports of Metal Cookware
1981 vs. 1980

Type	Dollars (millions) 1981	1980	% Change	Units (millions) 1981	1980	% Change
Porcelain-on-steel	$ 27.1	$ 38.1	−29.0	10.3	11.3	− 9.2
Cast Iron	4.9	7.4	−33.3	4.0	9.6	−57.6
Iron/Steel	2.5	1.6	57.0	2.1	2.0	2.4
Stainless steel	58.4	55.4	5.3	39.3	39.5	− 0.5
Copper	19.7	16.4	19.8	5.9	4.1	43.9
Cast aluminum (uncoated)	2.1	3.9	−46.3	1.2	1.9	−36.5
Stamped aluminum (uncoated)	13.8	16.7	−17.5	13.4	15.6	−13.8
Cast aluminum (coated)	5.6	5.8	− 2.9	1.5	1.2	27.0
Stamped aluminum	8.5	10.9	−23.0	3.2	3.6	11.8
Total	**$142.9**	**$156.7**	**− 8.8**	**81.2**	**89.1**	**− 8.8**

Source: Dept. of Commerce

WINDOW SHOPPING

By MARILYN NEERMAN

Discounters' fears that a hot category, air cleaners, would go the way of hot-dog makers come 1982 were evidently unfounded.

Better yet, although the price competition is still intense, price points haven't hit the rock-bottom levels many buyers anticipated.

Judging by first-quarter activity among discounters and catalog showrooms, the air cleaner business is alive and very well. The majority of recent discount store promotional ads and showroom flyers featured an air cleaner.

K mart chose to maintain its low price image by featuring the Robeson air cleaner made by Van Wyck International, the same company that makes the chain's private label kitchen electrics. K mart featured the air cleaner at $14.87, $11.87 after the mail-in rebate.

The Pollenex Pure Air 99 was promoted by catalogers Service Merchandise and Best Products. Discounters offering the same model were Bradlees, Gold Circle and Caldor.

Best and Service led the pack in offering the lowest prices—$19.84 and $19.86, respectively.

Gold Circle came in with the lowest price among the discounters: $19.99, $14.99 with the rebate. Bradlees' sale price was $20.99; $15.99 with rebate. Caldor was at $21.77, $16.77 after the rebate.

Bradlees also promoted the newer Rush-Hampton two-speed unit at $19.99.

Gold Circle also came out with the most competitive price on the Norelco Clean Air Machine, tagged at $15.99. Ann & Hope priced the item at $16.88; Venture at $18.88.

Cataloger O. G. Wilson opted for a price promotion on Norelco's Deluxe Clean Air Machine with a two-speed fan at $29.83.